

# THEN AND NOW

ECONOMIC PROBLEMS AFTER THE  
WAR A HUNDRED YEARS AGO

By MRS. H. A. L. FISHER



*With an introduction by*  
*the Rt. Hon. David*  
*Lloyd George,*  
*O.M.*



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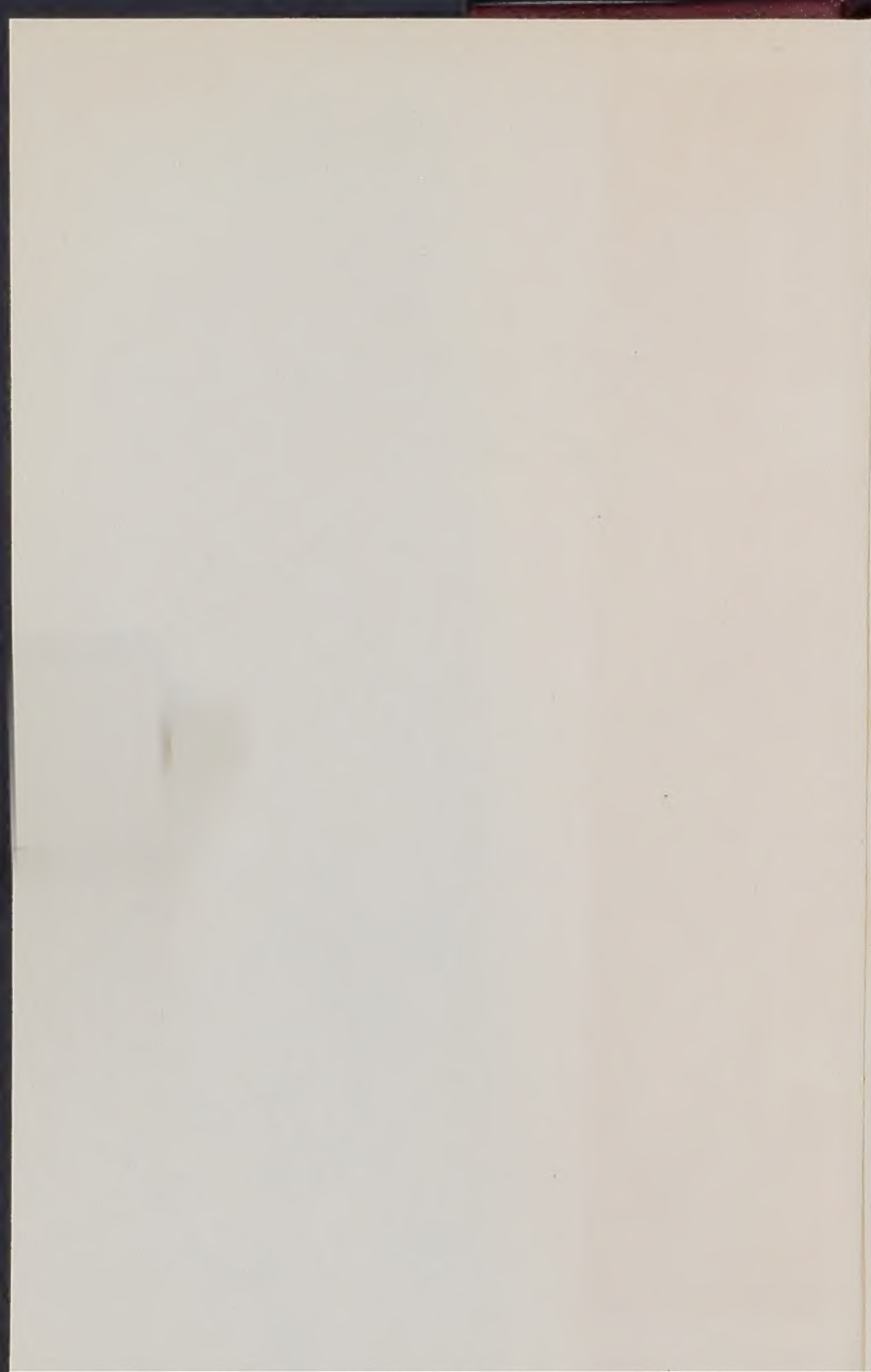
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## INTRODUCTION

I AM but one of a multitude who have been called upon, in one capacity or another, to deal with the social and economic problems created by the Great War of 1914-18. To-day we are familiar with the symptoms of post-war problems: the heavy taxation; the collapse of the inflated profits and wages of war; the inability to maintain the standard of living worked up by the artificial conditions of the war, and the difficulty experienced in reducing it to the level of peace incomes; the expectation of an unrivalled boom based on a computation of the accumulated arrears of the war period; the failure to bridge the gap between need and demand, widened as it was into a chasm by the destructive operations of war; the unemployment on an unprecedented scale; the belief amongst the industrial population that every means employed to quicken and increase production leads to unemployment: all these troubles complicated and outweighed by the disillusionment and reaction of spirit that follows soon after the flush of victory has faded away. Although eight years have elapsed since the armistice, we are by no means through our worries. The damage inflicted by the war upon trade, commerce and credit, and consequently upon wages and employment, will take many more years to liquidate. It took at least fifteen years to return to normal after the Napoleonic wars.

All who have had any responsibility for coping with these baffling problems must have felt the need for such a treatise as that compiled by Mrs. Fisher. She has rendered a real public service by her lucid, well-informed and com-

pendious treatment of the post-war period of a hundred years ago. She brings home with vivid interest the essential similarity of the difficulties left by the two most exhausting conflicts of modern times, and will help statesmanship to solve its troubles by pointing out the experiments that failed, and those that achieved comparative success, in the post-Napoleonic period.

The points of resemblance between the two periods are striking, and they are strikingly set forth in this book. Of the earlier period there are well-chosen and authenticated examples dug out by painstaking research amongst the reports, parliamentary and departmental, of that day. It appears to me that there is more to be learnt from the numerous blunders committed by our ancestors when they dealt with the situation than from their rare and inconspicuous successes. This is especially true when their clumsy expedients for relieving the distress of agriculture come to be considered. These chapters are full of significance for the statesmanship of to-day. Food prices could not be maintained after the war. But war rents had to be maintained. Wages were reduced to starvation point. Corn laws tried to keep up the price of corn. The ports were closed against foreign wheat. From the agricultural point of view the methods adopted were, as we know, a disastrous failure. Had England emulated the policy which has saved the peasantry on the Continent by emancipating the cultivator and giving him an interest in the soil, British agriculture would to-day have stood foremost in the world, and rural Britain would have now a population of twice the numbers and a hundredfold the contentment of that which it maintains to-day. Unfortunately shifts were resorted to, which, while they hardly produced temporary alleviation, led to permanent mischief. The

most pernicious of these expedients were swept away by Sir Robert Peel. Had he at the same time provided a constructive policy for agriculture as an alternative to the artificial aid provided by protective duties, the history of 'our greatest industry' would have been different.

During the late war the inadequacy of our home production was brought home to us with amazing poignancy, when Britain was for the first time in her history literally in a state of siege owing to the activities of the submarine. At one point in that baffling campaign British shipping was being destroyed at the rate of seven hundred thousand tons a month, and we had a reserve of only two or three months' wheat supply in our granaries. It was an anxious moment for those who knew the facts. Emergency measures for assisting and stimulating agriculture were taken, but a question of this magnitude cannot be solved in a race against time. How often did we resolve in our hearts during that anxious period that great changes in our agricultural system must take place after the war! The story of post-war dealings with agriculture, as told by Mrs. Fisher, is perhaps the most interesting as it is also the most instructive in this excellent and valuable contribution to the study of our post-war problems.

Looking back upon the period Mrs. Fisher describes, we are conscious of an atmosphere of uncertainty, of a lack of clear thinking, of a sense of fumbling, and a policy of hand-to-mouth expedients. Ricardo's masterly grasp of intricate problems of currency and finance gave him a remarkable position. The Merchants' Petition showed that many business men understood the essential foundations of national prosperity. Huskisson had wisdom and common sense. Men like Owen, Romilly, Wilberforce, to choose a few names almost at random, had visions of social

betterment. But of the building up of an ordered social polity, of the replacement of the structure of the old world by something definitely planned to meet the new needs, the governments of the after-war period had, as it seems to their modern students, no clear conception.

Every Government responsible for the conduct of a great war, or for the attempted solution of the almost more difficult problems that arise after the war, must occasionally resort to temporary expedients, must apply palliatives while trying to discover a cure. But in the months that followed the armistice, and during the war itself, even in the times of our greatest anxiety, we in our own time kept before our minds the urgent and essential need of reconstruction. We tried to translate into legislation, and to imbue our administration with, that determination to build a better world upon the ruins of the old which was the strongest and finest aspect of the war spirit. We believed that government, to be secure, must be broad-based upon the responsible co-operation of all its citizens, and we passed the Enfranchisement of the People Act. We believed that the conferring of the franchise upon women would conduce to the beneficence of our laws and to the stability of the State. We knew that the greatest need of a democracy is a sound system of training for citizenship, and we placed the Education Act of 1918 upon the Statute Book. We realized that good health is the foundation of prosperity, and a new spirit was breathed into our public health administration. Maternity and child welfare work was carried out with greater enthusiasm and greater success than at any other period. We laid the foundation of a great national policy for the construction of houses for the working population on the credit of the State, and in the pursuance



of that policy we actually built two hundred thousand houses. On the financial side, whilst other European countries were increasing their indebtedness, we paid off hundreds of millions of ours. We thus restored our credit whilst continental currencies were tumbling down the steep slope of depreciation. We feared that a period of intense difficulty lay before the industrial world, and we tried to promote good understanding by bringing together representatives of employers and employed. We tried, too, to arrive at some scientific organization of the coal industry, although here we were largely baffled by the extreme demands put forward by the miners' leaders and insisted upon to the defeat of all more practical proposals. Faced, as had been our forefathers a century ago, with changes of immense rapidity and magnitude, we had to deal not, as they did, with a desperate and half-starved people, but with organized labour, conscious of its strength and determined to secure its position. We did what we could to meet its wants without forgetting the needs of the community as a whole. And, moreover, we tried to safeguard the lives of the workers by insuring to them some provision against the greatest anxiety of the worker's life, against that black shadow which was already darkening the horizon, the terrible fear of unemployment. The system of unemployment insurance is not yet perfect, but the foundations have been laid and upon them has been erected a sheltering superstructure which has provided comfort and sustenance for over a million families. We endeavoured to make provision against bad trade by such measures as the Trade Facilities Act, and by trying to improve that greatest essential of modern industry, transport. We planned a system of arterial roads, and we envisaged the better organization of power by our electricity measures.

The time was short. Reaction and depression were inevitable, and when the actual strain of the war, and of arranging the terms of peace was once over, there was but a brief period left in which to carry out schemes of reconstruction. Much of our time was necessarily taken up with the reshaping of Europe involved in the making of peace. At home our attention was distracted by paralysing labour disputes of a magnitude unexampled in industrial history, and by the severe troubles in Ireland. Nevertheless so much was accomplished by Parliament and the Departments that, in spite of the great trade depression, privation of the kind which our ancestors endured was unknown, and Britain stands almost alone in Europe as the country where discontent and unrest produced no civil disturbances of a serious character. The great work initiated by the Parliament of 1919 is still being continued and constantly developed, and when it is completed the post-war Britain of the twentieth century will present a happy contrast to the Britain that shambled and suffered through the distressing years that followed the Napoleonic wars.



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# I

## INTRODUCTORY

MANY a sufferer from influenza, or a transport strike, or other undeserved misfortune has found comfort in the comparison of his troubles with those of his fellow victims. Occasionally he finds not only comfort, but some alleviation of his ills. We, acutely conscious of our post-war discomforts, may seek solace by studying the economic history of this country a hundred years ago. We can scarcely fail to be struck by its remarkable resemblance to our own, by the likeness between the miseries, the problems, the burdens, with which our ancestors struggled then, and those which perplex and distress us to-day. Reading their Parliamentary debates, their speeches and petitions, over and over again we find not only sentences but whole paragraphs which, but for their language, might have been written in the last few years. Our troubles seem to us upon a much larger scale, and though in some details they differ, in many respects they are strangely similar. Like us, our ancestors had to live through a period of transition both in industry and in agriculture. Like us, they had an acute housing problem. Like us, they had to grapple with the most violent dislocation in trade, a dislocation due, as is ours, to the exhausting effects of war, to the impoverishment of so many of those who had been, or who should have been, our customers, to the desire of other nations to supply their own wants rather than allow us to supply them. Like us, they bore a heavy burden of debt, and,

like us again, they never ceased to lift their voices in bitter complaints of the high level of taxation, the unfailing extravagance of governments, the exceeding slowness with which civil servants and ministers of state adapted themselves to the stringency of peace, accustomed as they had become to the lavish expenditure of war. And, like us, all through the after-war period, and—unlike us—through much of the war period itself, they were distracted and distressed by the sight and sound and consciousness of the immense numbers of unemployed. Unemployment, its cause, its dire effects, the many attempts to relieve or diminish it, was indeed almost as constant and pressing a problem to them as it is to us. 'The distress' is the topic which overshadows all others. No one was prepared for it, no one knew how to deal with it. 'There exists', writes a competent if sententious observer,\* 'in some branches a want of employment, in others a remarkable disproportion in the rate of wages and salaries to the earnings of the employers, the whole affording a painful lesson of how little either the public or our rulers foresaw the consequence of lavish expenditure, and how few among those who tried to enlighten them, either in Parliament or through the medium of the Press, were acquainted with the circumstances of former transitions from war to peace.' During the war England had been hard at work developing her industries, and after the war she hoped to sell her products to all peoples. Vast stocks had been accumulated, ready for the orders which a world, starved of commerce, was to pour into the country so ready to supply its needs. But the world proved a very poor market. The continental countries, exhausted by the war, were too poor to buy the goods

\* Lowe : *The Present State of England* (1822).

England was so anxious to sell. Moreover, they were determined rather to build up their own industries than to import from us, and meant to make everything they possibly could themselves. The position, indeed, was strangely like that which distresses us to-day. We, too, have developed our producing capacity, are ready and eager to supply a world which is too poor to pay our price, and is moreover passionately anxious to supply its own needs, to use its own newly-developed capacities, to import as little as possible from us and to make as much as can be made at home. A world dislocation is added to the internal dislocation necessarily resulting from the transition from war to peace.

Many of the attempts made by our ancestors to cope with the widespread unemployment which inevitably resulted from the stagnation of trade were uncommonly like our own. Perhaps we have learnt a little. We are supposed to understand that expenditure on sheer luxury is no cure for our troubles, but it is doubtful whether many of us realize this truth. Nor, apparently, did our ancestors. The Regent's contribution to the distress of 1811 was to give a fête, 'the most splendid and expensive ever seen.' Some three thousand guests were entertained at a magnificent supper, and it was specially desired that all the dresses should be of English manufacture. Six years later the Regent once more commanded a specially gorgeous celebration of his birthday and that of the Queen, at which all the court officials were to appear in the most costly dresses of home manufacture. Nothing quite like this could occur now, but any of us who read the popular papers or listen to casual conversation will agree that a century of economic thought has not yet made clear to the ordinary woman, nor even to the ordinary man, the difference between wasteful and productive expenditure.

As usual, when industry stagnates, the coal industry suffers. We have had Mining Commissions and inquiries. But none of our colliers has provided us with so picturesque an incident as did those of South Staffordshire, who in 1816 harnessed themselves to wagons full of coal, labelled them with placards stating that they were 'willing to work but ashamed to beg', and dragged them to London, Liverpool and other large towns. On the other hand, we are spared the horrors of bread riots, and some of our anxieties are relieved by the fact that there is a constitutional outlet for troubles, and that violence is no longer needed to call attention to suffering.

The many who poured petitions in to a Parliament certainly anxious to relieve the prevalent distress showed a faith in its powers which is only paralleled by the way in which so many of us to-day seem to believe that whatever Government is in power could, if only it would, at once make effective provision for the relief of unemployment. 'We cannot but think', say the labouring population of Birmingham in 1817, 'that these calamities originate in natural causes, which it is in the power of human wisdom to discover and remove: that in a country abounding with every blessing and with every production of mechanical and agricultural industry, some means may be devised by which the blessings of Providence may be distributed and enjoyed, by which the productive powers of industry may again be brought into action and the honest labourer may again be enabled to earn an honest living by the sweat of his brow.' That is hardly the manner in which we should express ourselves to-day, but the demand is as essentially the same as is the trouble for which a remedy is desired. Again, there were demands, as we have made demands, for what we call economy



and they called retrenchment. In response soldiers and sailors were discharged, and while the taxpayer obtained some relief the number of the unemployed seemed to increase. Cobbett, as late as 1822, remarks upon the number of ex-sailors and soldiers, or at least of men who so described themselves, who wandered begging up and down the land. So numerous were the beggars that there was a special inquiry into the great increase of mendicity.\* There were bitter complaints which sound not unlike some of those we have heard in our own times, of what was alleged to be an over-staffed and overpaid Civil Service. When retrenchment took place no one was pleased. Those who were retrenched suffered acutely, and not in silence, and it was alleged that the most expensive and least needed remained in their places, while only those whose humble position left them friendless were turned away to seek for fresh work in a world where employment was hard to find. The high emoluments of our representatives abroad came in for criticism, and the critics were unappeased by the perfectly truthful explanation of harassed ministers that the increase in the cost of living made increased pay inevitable. There is a pleasing *naïveté* about the reply of Lord Londonderry to his critics in 1820, which would surely arouse sympathy in the hearts of some of his modern successors. 'No effort on our part', he says, 'shall be wanting to carry into effect economy in every branch of the public service. After all, can the House doubt the deep and paramount interest which

\* A Report of 1815 stated that the number of beggars in the metropolis alone was at least 30,000, many of whom made considerable sums. About a hundred parishes farmed their poor for 6s. or 7s. a week, paid to the persons who sent them out to beg.

Nine years later, in 1824, we hear that the whole country was overrun with vagrants, whose removal under the existing laws cost some £10,000 a year.

ministers feel in effecting the most extended system of practical retrenchment? No set of men has a greater interest in cultivating the good opinion of the public.'

The efforts made by the early nineteenth-century governments in response to the pressure of public opinion were not so very unlike our own. There were (e.g. in 1811) government advances to sustain credit and enable fresh undertakings to be developed,\* though it was at once pointed out that it was not credit, nor enterprise, that was lacking, but markets. Other advances were made for relief works, for the undertaking of such schemes of public utility as the building of bridges and the making of roads. Meanwhile then, as now, many of the more enterprising were leaving their own country to seek fresh opportunities in other lands, and the government from time to time made grants in aid of emigration, although not so very many years earlier alarm had been taken at the 'exportation of brains'; and in 1809 a man was actually tried and convicted of 'seducing a skilled artificer to take his skill and brains abroad.' We cannot but admire the courage of those who set out a hundred years ago for the Cape and for North America. We remind ourselves of what they had to face, the time required for the journey, the difficulties of communication with those who were left behind, the asperities of the voyage, and we wonder what they would think of the conditions of emigration to-day. There is one curious story of an enterprising Polish

\* The sum of six millions was authorized, but it appears that only two were actually advanced. The embarrassed firms found difficulty in producing the requisite security, and there was no advantage in making goods for which no market could be found. It was, however, stated in the following year that the advances had proved useful in enabling manufacturers to keep goods in hand which otherwise must have been sold at a loss, and above all to retain workmen whom otherwise they could not have paid.

count who persuaded a party of Scots to colonize his estate in the 'fertile but ill-cultivated plains of Poland.' Among the advantages offered to the settlers was the promise that there should be provided for them a Presbyterian clergyman who was not only to give spiritual direction, but also to act as schoolmaster. That Polish count must have had some knowledge of the Scottish character.

Meanwhile there were not lacking complaints as to the evil effects of the war upon the character of the workers. The cost of labour had increased beyond all reason, and we meet dark sayings about the unwillingness of those who had been accustomed to heavy labour in pre-war days to do as much after the peace. Farmers' daughters, for instance, were accused of refusing to work, of despising labour, of wishing to sit idle and amuse themselves, some of using cosmetics to beautify their hands while they played the harpsichord. The farmer's sons meanwhile followed the hounds instead of the plough. The standard of living, too, had risen. We remember Cobbett's bitter comments on the new furnishings of farmhouse parlours, and the new types of food and drink consumed. But the changed habits were not peculiar to farmers. 'The ordinary rate of expense in every portion of the community had increased much beyond what the same classes would formerly have demanded and conceived it necessary and right to indulge in', says the *Annual Register* of 1820, and we hear much more in the same strain. Similar complaints are common enough to-day.

Meanwhile, however much we, or they, may complain of new habits of luxury, and new unwillingness to work, there is a general feeling that something must be done. Relief works, retrenchment, emigration, were all pallia-

tives which our ancestors then, as we now, endeavoured to apply. But such schemes only touched then, as now, the fringe of the problem. Something had to be done to rescue the actual unemployed from starvation, and that something, as we all know, was the attempt to relieve them by the unsuccessful use of the machinery provided by the Poor Law. There is no experiment more familiar to economic and social historians. Looking back, after the lapse of so many years, it is easy to see the mistakes of our ancestors, as easy no doubt as our grandchildren will find it to see our own. But their difficulties were of the most acute, and we can scarcely blame them very severely for the failure of their well-meant expedient. They had not, as we have, an efficient local Civil Service, with machinery and knowledge at their command. Even our highly-trained town clerks and other local employees do not save us from occasional fits of unwise experiment and expenditure. We know the results of trying to make the old Poor Law solve the problem of unemployment. We realize the hopelessly demoralizing effects upon the worker, who was worse off if he tried to remain independent than if he allowed himself to become a pauper, with no incentive to work, no hopes and no prospects. Most of us are familiar with the terrible pictures painted by Cobbett, with the terrible accounts given in the reports of the inquiries into the Poor Law both in '24 and '32. To quote the earlier and less well-known report: 'In some parts of the country able-bodied labourers are sent round to the farmers and receive a part or in some instances the whole of their subsistence from the parish, while working upon the land of individuals . . . it has become a means of obliging the parish to pay for labour which ought to have been hired and paid for by private persons.

The farmer finding himself charged for a greater quantity of labour than he requires naturally endeavours to economize by discharging labourers, and relying upon the supply furnished by the parish for work hitherto performed entirely at his own cost.' The result was that 'Frequently the work done by four or five such labourers does not amount to what might easily be performed by a single labourer. They had no inducement to work well, even had they been physically capable of doing so, living as they did upon bread and potatoes, scarcely ever tasting meat and beer, while in those parts of the country where there was no subsidy, the whole manner of living was greatly better.'

The community was rapidly becoming completely pauperized, nor was it only the paupers who were demoralized. The system was ruinous to the employer. As he had to pay for the maintenance of the labourers of his parish, there was little inducement to him to pay wages as well or to make any effort to organize his workers. He relied upon the parish labour, slack, underfed and inefficient as it was, and whereas in former days he would have endeavoured to keep his men in work all the year round, to arrange his plans so as to provide employment for bad weather as well as good, for slack times as well as for harvest and haysel, now he made no such effort, and allowed his men to relapse upon the rates when he did not need their services. The modern reader of the Poor Law reports, or of the debates upon them in Parliament, of the contemporary pamphlets and writings, is left in wonder, not so much as to how the community got into such a quagmire, but how, having got there, they managed so successfully to extricate themselves. We are most of us fairly conscious of the faults and imperfections

of our own dealings with the actual unemployed, but we surely have learnt something from the failure of our fore-runners.

Then, as now, manufacturers and the general public alike complained bitterly of the heavy burdens laid upon them by the tax collector. Industry was weighted down, employment diminished, everyone exhausted by the high taxation. We have learnt for ourselves what a great war means. We know that far more than the normal number of invalid or semi-invalid people, more than the usual number of widows and orphans, have to be supported somehow by those who can still work, and whose task is made none the easier because they themselves are suffering from war strain. We know that during the war every effort had to be made to meet the needs of the fighters, whatever might be the cost, and that when the war is over the bills come in. There has been borrowing at high rates, vast expense, loans to allies, charges of every sort and kind. All this was discovered, too, a hundred years ago, and, as we do, the taxpayer groaned under his burdens and demanded that Parliament, and the king's ministers, should somehow or other diminish their weight. There is a familiar ring about the substance, if not the phrasing, of Hume's amendment to the Address in 1822. 'The House is asked to represent to His Majesty that excessive taxation was a principal cause of the distress, and to request that he would be pleased to direct such reductions in every branch of the expenditure, from the highest to the lowest department, as would enable the House forthwith to deliver the people from a large portion of the burden which, in their present impoverished condition, pressed so heavily upon all classes.'

Reading through the Parliamentary debates of those



days we find discussions upon many of the financial problems with which we are wrestling to-day. They had to deal with pensions, sinking funds, conversions; they argued, as do we, for the spreading of the burden over longer periods, for the impossibility of making the generation which had fought the war pay the costs as well. Like us, they felt that posterity might fairly be asked to bear part of the burden, and indeed we are still paying interest upon some of the debt they accumulated, that debt which seems to us so modest compared with our own, which seemed so gigantic to them, and the cost of which, as we have been recently reminded,\* was indeed the same in proportion to the national income of that day as is the cost of our own when compared to our income. Again, after the war, which had accustomed men to lavish expenditure and to high standards of comfort, there was the same disinclination to return to pre-war standards of living that we see to-day. Chancellors of the Exchequer were imperatively expected on the one hand to reduce taxation and upon the other to find generous sums with which to finance new schemes of development. Our population has new needs and feels that they should be met. More and more is demanded both of central and of local authorities. We want, and we rightly want, more and better houses, more and better schools, teachers, public health services, libraries, roads, chars-à-bancs, wireless—what do we not want? The difficulty is to find the necessary funds with which to meet all these new needs without raising a storm of opposition. We cannot see how we are to pay for the new, desirable or useful goods and services which we feel that we must have. The same difficulties, though

\* e.g. By Sir F. Wise (*Hansard*, April 29, 1924).

upon a smaller scale, perplexed our ancestors. They wanted canals and good roads, later on they wanted steam locomotives, and they got them. They also wanted white bread, and feared to be reduced to the 'potato standard' of the Irish. And despite our difficulties, we are still the one nation which consumes large quantities of white bread, and which, with but a brief interlude in the middle of the war, has consumed it all through the century.

Nor is it only in finance, bad trade, and unemployment, that we find a resemblance between those days and our own. Like us, they had an acute agricultural problem, as difficult as, and in some ways closely resembling, ours. We have, as they had, lands which under pressure of war needs were closely cultivated and which are now left to tumble down to grass, we have falls in agricultural wages, the disappearance of agricultural profit, the change in the ownership of land, the gradual disappearance of the old landowners, the emergence of a new class.

Like them, too, we had an acute urban problem, rendered the more acute because even yet, after all these years, we have scarcely yet accustomed ourselves to think in terms of an urban population, which lives closely together, neither knowing nor desiring quiet, or peace, or solitude, a people fed by abundant supplies of cheap printed matter, with little time for reflection, used to rapid movement, to change, not the least like a people accustomed to the slow and deliberate processes of nature, to the long hours of solitude which are the familiar lot of the countryman. Nor is our task rendered any easier by the fact that we have not only to provide for our own rapidly changing needs, but to clear up the mistakes made by our ancestors in their attempts to solve their own post-

war problems. To take the most obvious of all examples, our housing problem is rendered infinitely harder because we have not only to provide enough new houses, of the types and in the places where they are wanted, but we have also to clear away, at great expense, the numbers of bad houses which were hastily erected to shelter the rapidly increasing urban populations of the last century. Those growing numbers of town dwellers had new and imperfectly understood needs, as have ours. Their contemporaries' failure to meet those needs, physical, moral, emotional, have been largely responsible for our C3 population, for our submerged, for the inmates of our prisons and workhouses and hospitals, as their hasty attempts to build houses, before the laws of public health had been understood, have helped to provide us with our slums.

We can at least help ourselves to a sense of perspective by studying their post-war problems, and their attempts at solution. Many, for instance, of the arguments which are commonly used by those who wish to change our tariff system, appear in exactly the same form, though differently worded, in the course of the tariff debates during the first thirty years of the last century, many, too, of the answers those arguments provoked are only too familiar to us. The main difference is that their unemployment arose under a highly protective tariff, although its severities were to a considerable extent mitigated by the activity and skill of the smugglers, whose industry was much helped by the geographical conditions of our island, our close proximity to the Continent, the conformation of our coast, with its multitudinous little bays and channels and inlets, perhaps, too, by the peculiarities of our national character, with its instinctive sympathy

for a dangerous form of sport. Stories of the 'free traders', their strings of greased ponies slipping through a dark night, the skill and adroitness with which they evaded the revenue officers, their friendships with the parson and in other respectable and unexpected quarters, are still told in many a seaside village. Smugglers' paths, smugglers' hiding places abound in every part of England and are not yet forgotten. Huskisson's famous speech upon the silk trade was no doubt much enlivened by his bold statement that probably every member of the House, listening to his oration, had in his pocket a Bandana handkerchief, which quite certainly had been smuggled, for the possession of which its owner might have been denounced, but with which, nevertheless, none of his hearers had the slightest hesitation in mopping his forehead or blowing his nose. The industries which complained most loudly of their troubles a hundred years ago are still complaining. Silk, for instance, about which were made speeches of endless length and endless number, gloves, the metal trades, woollen and cotton goods, were all in trouble, while agriculture, its distresses and its needs, was the most constant of all topics. They saw, as we have seen, high prices and low prices, prices that rose and prices that fell, and as with us, each section suffered and complained in turn. There were inflationists and deflationists then as there are to-day, and many, Cobbett among them, were ready to blame the currency for all the troubles of the time. Like us, they talked with familiar complaint of the foreign exchanges, though they were not faced with so complex a problem as that which bewilders us, and which seems to make of so much of our trade rather a wild speculation than a legitimate trade risk. They, too, were full of the difficulties of foreign currencies

and foreign trade, and like us, though not for exactly the same reason, were constantly alarmed at the danger of being undersold by the products of cheap continental labour.

Their minds, like ours, were concerned with the problem of population, and for the same reason, the grave and ever-pressing burden of unemployment. They perhaps saw the question mainly in terms of quantity, while we, with a century's experience of urban industrial life behind us, with, too, a greater scientific knowledge, are slowly coming to see it in terms of quantity as well.

We live as did they, in an age of discovery and invention, among changes which bewilder us with their rapidity and their number. We need the greatest elasticity to enable us to make the necessary adjustments, clearness of vision that we may see whither we are trending, to avoid the pitfalls, to hold fast to that which is good. Looking back, we can see the mistakes made under circumstances so much like our own. Their experience may help us, so that our great-grandchildren, thinking of the transition after the Great War, may trace out not only how we blundered, what troubles we endured, but also, how we tried to steer our difficult way from darkness into light.

## II

### ENGLAND IN THE EARLY XIX<sup>TH</sup> CENTURY

ENGLAND, half-way through the eighteenth century, was still in essentials the England of earlier ages. The Elizabethans, the men of the Commonwealth and the Restoration, even the Englishmen of the fifteenth or earlier centuries, would have found their way about easily enough in 1760, would have marked alterations here and there, but little striking change. The England of the first third of the nineteenth century was already rapidly becoming the England in which we have been born and have grown up, the England of perpetual movement, of rapid development, of great industries and great towns, of noise and hurry and smoke. The changes which set in towards the last years of the eighteenth century have been proceeding ever since. The whole idea of change and of rapid movement is as familiar and natural to us as it would have been bewildering to the English of earlier days. England before the Napoleonic wars was still an agricultural England; the village, not the town, was the centre of life, the centre of gravity. If, like Cobbett, we took horse and rode up and down it, from village to village, and from town to town, we should be riding through an England which had remained much the same for many a hundred years. Round the villages would lie the great open fields, with their strips of cultivation, looking to our modern eyes rather like a series of overgrown allotments. Wandering about the common lands we should see the lean cattle and the woolly but active sheep, well adapted,



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perhaps, to the production of wool, less well to that of mutton. We should probably be struck by the extent of this 'waste land', moor, marsh and wood, and if we were interested in agriculture, we should observe that while it seemed useful to the flocks of geese and pigs that inhabited it, much of it was essentially good land that was well capable of bearing more profitable crops. But even before we reached our first village, imagining ourselves to have started from London or perhaps from Southampton or another port, we should have arrived at the explanation of the apparent waste. Without transport, it is useless to grow more crops than are sufficient to feed the village and to provide the slight surplus which may be exchanged for such necessities of life as cannot be produced locally. And transport was atrocious. The roads were still medieval, wide spaces of soft surface along which horse and man could go, but which presented sore problems to wheels. It is amazingly difficult to get the modern town-dweller, accustomed to the pavement, seeing only the modern smooth roads from a char-à-banc, or railway train, to imagine the limitations imposed upon our ancestors by mud. Mud is the key to so much, and mud plays so small a part in modern life. The more vividly we succeed in picturing to ourselves the pre-macadam road, the more completely can we realize the life of the village, the meaning and reality of subsistence farming, the isolation of winter, the self-absorbed and self-sufficient life of the ordinary Englishman. History books are full of quotations which bring home to modern readers the difficulties that attended travel in old days, and most of us remember the surprise with which we first discovered from the eighteenth-century authors whom we happened to read for ourselves, that enormous

holes in the road, sufficient to contain a wagon and horses, were almost ordinary occurrences. The picturesque details given by Mr. Trevelyan,\* of the North Herefordshire roads that had to be levelled each spring by means of ploughs, each drawn by eight or ten horses, or of the flocks of cattle and sheep, the droves of geese and turkeys, two or three thousand at a time, that slowly walked up to London, from a radius of a hundred miles round, in order to feed the Londoners, help our imaginations. The modern beef and mutton and geese and turkeys that adorn London tables come from much farther afield, but by more rapid processes. And as their transport is all arranged for them, we may conclude that our Christmas or Michaelmas dinner is likely to be a good deal more tender than was the bird who had taken such prolonged exercise before his arrival at his destination.

If we want to realize what the word town meant to the English of the eighteenth century we must firmly eliminate from our minds all that it means to us. The modern town, with its smoke, its endless houses, its thundering traffic, its trams and factories and mills and warehouses and railway stations is a new creation. Towns before the industrial revolution would almost seem to the minds of the modern dweller in London or Manchester or Birmingham little more than overgrown villages. We can make a clear picture of them by bringing before our memories any of the little market towns we know, removing from them their stations and their circumference of new villas, taking away their elementary schools, the smooth surface from their roads and their telegraph wires. The motorist who hoots slowly through the crowded High Street of Godalming or Burford, or any other little English

\* *History of England in the Nineteenth Century.*

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town, is probably too busy grumbling at the pony-carts and the narrowness of the road to realize that he is looking at a bit of pre-industrial England. But if we want to think ourselves back into the England that lasted for so long, a small English market town is one of the best places in which to do it, and perhaps the local market day one of the best moments. It is true that the modern farmer is apt to arrive in a Ford car, but his conversation and, indeed, his appearance, is much as it has always been, as is that of the drovers who bring his beasts to market. England before the agrarian and industrial revolutions, then, was an England of self-contained villages and of little market towns, connected by roads which were passable in fine weather, almost unusable in bad, roads along which trudged many droves of animals, whether the animals which were destined for food, or the pack-horses which carried goods. And the country-dweller, knowing the state to which the trampling of cattle quickly reduces any bit of soft ground, will realize more quickly than the townsman how the perpetual passing of hoofs must have churned up the surface of the roads, and will understand better, as he looks at the wide sidings of the modern hard road, why our ancestors needed so much more space than we do. When the middle of the track became impassable they made a new one by its side, and there were seldom fences or walls to stop them.

London was always apart from the rest, and the twentieth-century Englishman would probably find the London of the eighteenth century less unlike everything to which he has been accustomed than the rest of England. It is at any rate more familiar to us, thanks perhaps to Hogarth and the *Beggar's Opera*, and to the romances and stories of which the scene is laid in London, and which have been

familiar to us since we began to read grown-up books. Our modern large towns were still small; Manchester already one of the largest, Bristol, which had for centuries flourished as the great port of the west, perhaps the next in size to London.

We should probably be pleasantly impressed by much that we saw in the towns, the clear air, as yet unspoilt by smoke, the busy life of craftsmanship, the prosperous industries of the days before steam power, small as they would seem to us, the comparatively smooth relations between master and man. But if we ventured into the back streets we should be horrified at the filth, the lawlessness, the squalor. We should sorely miss the most familiar of all modern institutions, the policeman, and most of all should we miss him if we happened to encounter a London mob roused to excitement, a mob capable of setting London on fire, uncontrollable save by the exercise of military force.

We should be conscious probably of the smallness of the population as compared to our own. Already the towns were beginning to grow, but the growth was not to become rapid until after 1760. We have no accurate statistics before 1801, but there seems reason to believe that about the second half of the eighteenth century the population was somewhere near seven million, while the figures of the 1801 census, which were confessedly imperfect, give a total of nearly eleven million. By 1811 there were over twelve and a half million, by 1821 nearly fourteen and a half million.

We should be struck, too, by the different distribution of the six or seven million. Not only would there have been a far greater proportion in the villages, and a smaller in the towns, than that to which we are accustomed, but

the north and west—Lancashire and Yorkshire and Durham—so populous to-day, would have been but thinly peopled compared with the south and east, then, as for many centuries, the most densely populated parts of England, the centres of industry, and especially of the oldest of all English industries except agriculture, the woollen trade. If we want to realize what part of England was the oldest and the most peopled and the wealthiest, we must look at the woollen towns in East Anglia and the Cotswolds and Somerset and Oxfordshire; or at the Stroud Valley, for instance, where still to-day we can see the eighteenth-century woollen mills which were built in the early days to be worked by water, before the discovery of steam-power, as they were worked also in some of the narrow valleys of Lancashire and the West Riding.

This was the England that had been slowly growing up through the centuries, the England that was to undergo, and is still undergoing, such amazingly rapid changes. The old, peaceful, sometimes hungry, sometimes ravaged by disease, often misgoverned, but on the whole tranquil and comfortable England, was about to turn into that England which we know. The actual facts are familiar to everyone. We have all learnt of the amazing series of discoveries and inventions, of the spinning jenny and the power loom, of the urgent need for power met first by water and so soon by steam, and then of the rapid movement of population to the regions where power could be generated, that is to the coalfields of the north and west. Of all the extraordinary facts of this extraordinary time few surely are more remarkable than the way in which a people, so little accustomed to the idea of movement, found its way in such numbers and with such speed to the new manufacturing districts. By the time of the

Napoleonic wars the new world had begun ; the world of steam manufactures, of the great growth of the cotton trade, of the transformation of the woollen industry, of the tremendous development of engineering.

Practically simultaneous, too, were all the other discoveries, for instance, the use of chlorine for bleaching, which shortened the time required from six months to six days, or those which revolutionized the china and pottery trade. The history of the Wedgwood family epitomizes English industrial history in the period of rapid transition. All this immense production needed another revolution, that of transport, to make it workable, and accordingly we have first of all the romance of the early canals, and then the revolution in road-making which is surely as picturesque and as remarkable. For the old soft, miry roads, Telford, the son of a Scottish shepherd, and Macadam, another Scot, substituted the hard, fine roads along which went heavy wagons full of goods and the galloping stage-coaches. The coach and the post-chaise are such well-known elements in romance, in pictures, so familiar to our imagination, that it is hard to realize how short was the period of their glory. The great development of the roads took place roughly in the first third of the nineteenth century. The Manchester and Liverpool railway was opened in September 1830, when, as most of us remember, the pioneer train knocked down and killed Huskisson, the member for Liverpool, one of the men who had most stoutly championed the extremely unpopular cause of the new iron road and iron horse. It enables us to appreciate something of the atmosphere when we read that Huskisson stepped out of the train and stood in front of the engine, not realizing that it was liable to move and to knock him down.



Some of us middle-aged or elderly people have heard our grandparents describe the coming of the early trains, the amazement they aroused in the observers, the overwhelming speed at which they seemed to advance. The engine that killed Huskisson went at a pace of thirty-six miles an hour. The train has had a longer period of supremacy than its early rival the coach, though the coach road, somewhat changed as to surface, has now come into its own again.

First canals and hard roads, and then steam locomotives and steamships enabled men to transport the textiles and the metal goods and the hardware and the other commodities which they turned out at a rate of speed so amazing to the minds of those who had grown up in the days of hand production. But there was another complication, and that was the business of feeding the new populations, the mill hands and the miners who took no part in feeding themselves, the dwellers in the industrial towns and the mining villages which were growing up so fast in those parts of England which are not specially well adapted, generally speaking, to the production of food. So that side by side with the revolution in industry and in transport we have, too, an agrarian revolution, the story of which is as familiar to us as is the story of Watts, Hargreaves or Arkwright. Most of England was still cultivated as it had been for centuries, though here and there, for instance in Devon or in Kent, there were enclosures, hedgerows, small sheltered fields. The old system was both wasteful and inconvenient. Time was wasted in passing from strip to strip, crops were wasted by the incursions of hungry cattle into the ill-fenced fields, slovenly or careless cultivators retarded the husbandry of their neighbours. Change and improvement

were impossible, the pace of the slowest member was to a great extent the pace of the village community. The breeds of cattle or of sheep could not be improved when all the cattle and sheep wandered together upon the common pasture and waste ; animals could not be fattened, or even kept alive, except in small numbers, through the winter, for want of shelter and of winter keep. A few enterprising farmers, who had managed to enclose and to concentrate their holdings, became immensely prosperous upon the new discoveries as to rotation of crops, the use of turnips and of clover, the new methods of stock breeding. The rest, those who did not want to change and those who would have been enterprising if they could, were alike helpless under the old conditions. Rotations and strips are as incompatible as are scientific breeding and common pastures. The spirit of the times was in favour of change, and the new towns had to be fed. So our country became enclosed, and the old strip cultivation and the old peaceful but unproductive methods vanished before the imperative need for food and the energy of the reformer.

Everyone knows what the enclosure movement meant. Ultimately, and indeed in no very long time, it meant increased production, increased wealth. But immediately it meant dislocation. Not only were the old open fields enclosed, which was clearly essential, but so too were many of the old commons. The inevitable result was the squeezing out of existence of the small farmer. The new methods of agriculture demanded capital, money for fencing, money for manures, money for good rams and bulls, money in all probability for the legal expenses involved by the endless difficulties of reconciling the old methods and the new. Not only the small farmer but

the small freeholder was crushed. Enclosures alone would have meant almost insurmountable difficulties for the small man, but the coincidence of this agricultural revolution with that which was taking place in industry meant that his subsidiary means of livelihood, the spinning of his womenkind, the weaving, the handicrafts that could be practised in the short winter days or in bad weather, vanished at the time when he most needed the extra help they brought. Moreover, there was a keen demand for his land from the men who had capital and wished to farm upon the new methods, from wealthy merchants who wanted to put their brains and their capital into this profitable new kind of agriculture, while at the same time they improved their social position, for political and social power were still identified with the ownership of land. Finally there was a new demand for the labour of the small man, and for that of his wife and his children, in the new manufactories. All these forces acting together were too much for the old equilibrium, and a new agricultural world grew up beside the new industrial world.

The England, then, which Cobbett saw and described for us, the England of the peace years after the Napoleonic wars, was already a very different country from that mid eighteenth-century England which we have been trying to depict for ourselves. It was, as has so often been said, an England in the throes of rapid and bewildering transitions, an England full of difficulties and of problems.

It is not a very cheerful picture which we shall behold if we try to see England in the years after the peace. The country was far better cultivated than it had been sixty years earlier. We should see enclosed fields, full of fine crops, not only cereals, but plenty of turnips and occasional

fields of the new Swedish turnips so much admired by Cobbett. We should note considerable improvement in the cattle and the sheep. But we should be able to observe very clearly the way in which what the economists were beginning to call the margin of cultivation had changed, we could trace how under the pressure of war steep downs and poor soils had been ploughed up for corn, and how when prices fell and it was hopeless to try and grow cereals upon them, they had tumbled down to poor pasture full of weeds and of rubbish. The lines of those old plough marks can still be traced here and there upon a clear day, and old villagers will tell us even now old village tales of how such and such a field, so steep perhaps that one wonders how the plough could pass, still more how the crops could be carted, used to grow corn in the old days. Sometimes they tell with a rueful chuckle how men, horses, and plough all fell down the slope together, and after that the field was left to its fate. Cobbett, with his accustomed vigour, gives us descriptions of such experiences. 'These hills (in Hampshire) are among the most barren of the downs of England, yet a part of them was broken up during the rage for improvements. On about twenty acres of this land, sown with wheat, I should not suppose there would be twice twenty bushels of grain. A man must be mad, or nearly mad, to sow wheat upon such a spot. However, a large part of what was enclosed has been thrown out again already, and the rest will be thrown out in a very few years. The down itself was poor, what then must it be as corn land? Think of the destruction which has here taken place. The herbage was not good, but it was something: it was something for every year, and without trouble. Instead of grass it will now, for twenty years to come, bear nothing

but that species of weeds which is hardy enough to grow where the grass will not grow.'

We should probably be struck by the numbers of women and small children working in the fields; we should be horrified by the sight of the gangs of men upon the roads, able-bodied men who ought to have been in the fields, but who had become paupers and were probably not working very diligently, for why should they work hard when they got their money whether they worked or not, and when they knew that the work was being 'found' for them? 'The farmers have not the money to employ men and so they are put on the roads.' Still worse, we might see the male paupers shut up in the parish pound, as Cobbett tells us was 'common through Bedfordshire and Buckinghamshire, left at large during the day, they roam about and maraud. What are the farmers to do with them?' We should be distressed at the poor clothing of some of the country people, 'girls with rags on their feet', and at the scarcity both of food and of fuel. We should hear much grumbling, too, if we went to the farmhouses to talk to the farmers and their womenkind; not only the grumbling which is the legitimate heritage of the Englishman as to his climate, but bitter complaints of the burden of the rates, for the farmers who could not afford to pay labour had to pay the rates upon which the unemployed and paupers maintained a wretched standard of life, bitter complaints too of the fall of prices, of the heavy taxation. Some of them, perhaps, were scarcely justified, for these same farmers, we are told, had raised their old standard of living, had 'aped the manners of their betters', and taken to parlours and wineglasses and modern furniture, instead of the good old custom of the family kitchen,

the home-brewed ale and the time-worn oak tables and settles and benches. And we certainly gather that despite their distress they managed to have remarkably good dinners at the farmers' ordinary when they rode into their local town upon market day. Nevertheless they were undoubtedly suffering pretty severely in the reaction from war prosperity, though their suffering was not to be compared to the conditions that prevailed among so many of the village labourers.

The towns would probably depress us more, despite the immense amount of development that had taken place, the new mills which had sprung up in all directions, the vast growth of the new industries, the great warehouses, the wagons full of cotton and woollen goods in Lancashire and the West Riding, the activities of the steel and iron trades. But over it all there was not only the trouble of the transition, but the unfortunate results of the rapidity with which the change had taken place, a change which meant that a new world had come into existence long before men's minds had thought out, or even begun to think out, a right way of living in it. The labouring population was housed in the most haphazard and hasty manner, crowded together in little yards and courts without any attempt at sanitation or of the supply of water. The mills were full of little children, sometimes what were known as 'free' children, that is children who had parents, and lived at home, sometimes the unhappy parish apprentices, the pauper children who were shipped in droves to the northern manufacturing regions. We, who have at last begun to have a firm hold of the idea of the rights of the coming generation, can scarcely bear now to read the appalling descriptions of the lives and sufferings of these children. The first Factory Act



(the Act of 1802 applied only to pauper children), as we all remember, was passed in 1819, and we have only just written out its last clause, by the determining of the appointed day under the Education Act of 1918, which at long last released the half-timer from the factory. Parents are still grumbling at having to keep their children at school until they are fourteen ; but it has taken a century to achieve even that. The story of our legislative dealings with the children is a long one, and it is not yet complete. It began in 1816 with the appointment of a select committee 'to consider the state of the children employed in the manufactories of the United Kingdom', and the state of the child population, as revealed in the evidence before this and other committees, in the agitation about the climbing boys whose picture has been brought so vividly home to most of us by our memories of Tom in *Water Babies*, is one of the darkest sides of a stage of our history which has already in any case much that is depressing about it. Still, the sufferings of the children did move men's pity, and that Factory Act did become law only five years after the peace, in the midst of difficult and troubled times, in the very year of Peterloo, despite the bitter opposition with which it met. It limited the hours of children to twelve and a half, one and a half of which were for meals, and forbade the employment of children under nine in cotton factories. But as no provision was made for inspection it was difficult to check an evil so widely spread. In the debates upon the Factory Act of 1825, which limited the hours of persons under 16 to eleven, as Peel's Act had done, it was generally agreed that the Act of 1819 had proved entirely inoperative. It was alleged that 'in the best mills' children were compelled to work twelve and a half hours a day, in others for fifteen or sixteen.

New ideas as to education were coming into circulation, and as early as 1807, that is in the midst of the war, Whitbread's Parochial Schools Bill, for 'establishing a plan of education for the poor', had been introduced and discussed, and the Royal Lancastrian Association was formed in 1810. Lancaster, an enthusiastic Quaker, had widely disseminated the idea of popular education, and tried to make it inexpensive and easy by 'setting children to teach each other,' that is, by teaching the older children how themselves to teach the younger. By 1811 the success of the Association prompted a number of Churchmen to found the 'National Society for the Education of the Poor in the Principles of the Established Church.' Schools multiplied, though the conditions of factory life made it impossible for the factory children to learn; and that the standards of education were modest we realize from the discussions and writings of the times, from the strange theories as to the dangers of teaching 'the poor' to write, though it might be useful for them to be able to read; from the abundant use of all the arguments about the risk of allowing what were invariably called the lower classes to share in the educational advantages of their betters. Still, the Lancastrian Association and the National Society laid the foundations upon which successive generations have reared a splendid, if as yet incomplete, edifice.

The picture, then, is one of agricultural distress, whether harvests were good or bad; of widespread, though by no means universal pauperization; of low wages, of farmers and landlords who had undertaken heavy expenses, had made wide commitments in the good times, and were wholly unable to meet them when falling prices and after-war diminution of purchasing power brought the bad times. Industry had its ups as well as its

downs, but agriculture seemed almost invariably in distress. Land was going out of cultivation (though we are led to suspect that much of it was land which should never have been cultivated, or at least not in the manner in which it was cultivated), there was suffering and distress all round. Farmers could not pay their rents, landowners could not pay the interest upon their debt charges, labourers could not live upon their wretched wages, could scarcely maintain existence upon wages and parish relief together. Here and there were good landlords and enlightened farmers, healthy peasants and comfortable cottages. But the general effect is one of gloom.

In the towns and the mining districts the conditions under which men, women and children laboured seem to our modern minds little short of intolerable. But we must not forget that those very conditions were bringing about the means for their own improvement, partly by making the average ordinary man realize the need for such legislative interference as is embodied in our modern codes of factory and public health legislation, partly by the growth of the idea of popular education (helped considerably by the better education of the Scot and the obvious advantages that he derived from it), partly by the very fact that the machinery for local administration had hopelessly broken down under the new strain, and that from that breakdown was to grow up our modern complexity of efficient local government. Nor, finally, must we forget the political education that was to result from the ferment in men's minds, the highly stimulating diet provided for those of the masses who could read by Cobbett's *Two-penny Trash*, the ideals of industrial and social welfare which were disseminated by Robert Owen, the general desire for political and social reform which was gradually

possessing generous minds, and which was to lead not only to Parliamentary reform, but also to the growth of the friendly societies, the co-operative societies, the trades unions, as well as to the ideas upon which so much humanitarian legislation was to be based. And in those unhappy years, ten or fifteen years after the peace, there were writing Wordsworth and Scott, Coleridge and Shelley, Byron and Keats, Ricardo and Cobbett, Maria Edgeworth and Jane Austen, besides the novelists and essayists whose works we still read. We are deeply conscious of the miseries, of the deplorable standard of life, of the savage game laws, the hopeless welter of laws, the burden of the taxes, the horrible conditions of prisoners and of lunatics. But in the darkness we can trace the beginnings of many of the greatest movements of the years that were to come.

### III

#### THE RURAL PROBLEM

WHAT was the matter with agriculture? This was the question that agitated many minds. Something was very badly wrong. Distress was prevalent, everyone connected with the agricultural interest, whether as landowner, farmer, or labourer, was in trouble; petitions about agricultural difficulties poured into Parliament in countless numbers.

In 1814, for example, a select committee was appointed to examine the petitions which had been presented, over three hundred of them. As Professor Smart tells us, both in the early part of that year and in 1815 'it rained petitions.' All these, of course, were in connexion with the change in the Corn Law. Between 1819 and 1821 again they never ceased: there were about 1,200, all complaining of the operation of the law that had been passed in 1815. The laws regulating the trade in corn obviously did not work satisfactorily. But what was wrong with them? And were they the main source of the trouble? Many other causes were suggested. There was, to begin with, the impossible burden of taxation. There were the rates. There was currency reform. There was the weather. It was a little difficult to blame the weather, although no one hesitated to do so, for whether nature was unkind, and the harvests were ruined by rain or cold, or scorched by drought, or whether she smiled, and bountiful crops were reaped, the agricultural classes were in sore trouble. The weather, fickle as it is, had always had

the same inconstant nature, and agriculturists no doubt had always complained ; but seldom had they been in such deep and such prolonged distress.

Looking back, with the help of that perspective which the lapse of time provides, it is fairly easy to understand the position. In the first place there was the agricultural revolution, which had undoubtedly improved cultivation, and enormously increased the productivity of the land, but had at the same time imposed a terrible burden of suffering upon those who were displaced by the new order. The old village life had been unprogressive and unproductive. It was neither sanitary nor even comfortable according to our standards ; there was only a very moderate amount of what we call freedom or self-government. But it was on the whole peaceful, and people were accustomed to it ; they had adjusted themselves to its mechanism, creaky as it may seem to our modern minds. The new plans were new, and that in themselves would make them difficult to work in the country, where people like what they are accustomed to, and are seldom in favour of rapid or violent change.

Even before the peace there had been a good deal of trouble. The distress of 1811 spread to the rural areas, and the harvest was defective. The price of wheat, although it remained upon a high level, underwent considerable fluctuation. During the war the law had been strengthened in the direction of protection, at the time of some of the most violent fluctuations in price. Fluctuations in price are obviously a potent cause of distress, and Parliament was exercising its ingenuity—as it proved with singularly little success—to prevent or diminish them. Up till the change in 1804 the laws had been so arranged as to protect the interest of the grower as far as



possible, but to consider those of the consumer when his needs became urgent. In other words, imports were not allowed unless prices were high, and exports were not permitted unless prices were low. But the new methods of agriculture had meant a very great increase in the supply of corn, and a series of good harvests depressed the price. People feared lest the improvement of the 'waste lands' should be checked. The law of 1804 gave to the corn growers greater protection, and the 'waste lands' continued to be taken into cultivation. The natural result was further trouble, and in 1813 a committee appointed to consider the problem reported strongly in favour of still further protection. They based their case partly upon the importance of maintaining independence of foreign supplies. They were anxious that the British Isles should be still further developed in the direction of greater corn-growing, that foreign supplies should be kept out, and that good British money should be kept in British pockets and not sent away to line those of foreign wheat growers. The result of keeping out foreign corn and increasing the production at home would not only be to steady prices, but might possibly even lower them. This last suggestion was likely to be very attractive to the consumers, who had for so long suffered from dear bread. And presumably it did not too much alarm the producers, for they were to be assured of their market by a determined refusal to admit cheap foreign corn.

Meanwhile rents had been rising, and indeed were generally said to have nearly trebled. Corn was at something like famine prices, and was almost unobtainable by the poor. It seemed a strange time to demand a measure which would still further protect an industry not in any apparent need of protection, and to increase the price of a

commodity required by everyone, and obtainable in anything like sufficient amounts only by the few who could afford the tremendous price. Professor Smart attributes the demand for a new corn law to the needs of the Irish corn growers, who wished to obtain a larger share of the English market. They consumed but little corn themselves, unlike the English, so that the high prices meant nothing but profit to them. However this may be, the arguments used permeated the agricultural mind. The idea of English money going abroad was naturally displeasing, that of independence of the foreigner naturally agreeable. And the possibility of maintaining a steady price by the help of a little more legislation was above all attractive to every class. Memories of the sufferings caused by fluctuation tempted everyone to forget the peculiar character of our variable climate.

Therefore, although nothing was done in 1813 or 1814, the demand for a new corn law increased. The landowners and the farmers alike, who had for four years lamented over bad harvests, were very much alarmed by the good one of the past year. When prices were high there was little to sell, when there was plenty the price was so low that it hardly paid to sell at all. The farmers had taken their farms on long leases at high rents. How could they pay? Further, they had borrowed capital, and had very considerably raised their standard of living. And, as we of this generation know only too well, while nothing is easier than to raise one's standard of life, few things are harder than to lower it. The landowners, too, were alarmed. Their standard was anything but low. Moreover, they had made various charges upon their estates, and somehow or other those charges had to be met. We hear little at this time of what the

country labourers were feeling. The fears of their fellows in the town were shown by the flood of petitions which, as we have seen, poured into Parliament.

The committee of 1814, however, seem to have been but little moved by the feelings of the petitioners. Their report dwells upon the advantages of the late enclosures, and the great importance of more. The enclosing movement must receive every possible encouragement, there was much land capable of corn growing which was still 'waste.' The costs of management had been increased. High rents must be maintained. Foreign (that is French and Polish) corn was deplorably cheap. The English corn grower must be safeguarded against foreign competition. The result of this was the Corn Law of 1815, which forbade importation until the price of wheat was 80s. a quarter, with a preference of 13s. to the colonies. Agricultural distress was acute. The price of wheat had been low, farmers were completely unable to pay their taxes. The agricultural interest was far too strong for the arguments of the opponents of the proposed changes to have any effect. In vain did they warn Parliament against panic legislation, point out that the troubles were due to the transition from war to peace, ask why the mass of the people should be made to have dear bread in order that poor land should be taken into cultivation. In vain did the towns pour out petitions, in vain even did the Upper House inscribe dignified protests upon its Journals, 'anxious to record their dissent from a measure so precipitate in its course, and, as they feared, so injurious in its consequences.' The Bill passed, although as it appears to us in violent opposition to the general feeling of the country. It 'rekindled the animosity of the inferior classes against the legislature, and the metropolis was for some

days in a state of tumult and outrage, which excited serious apprehensions in the government, and caused them to resort to strong measures for quelling the popular commotion.' Meanwhile, a number of supporters of the Corn Bill, or persons mistaken for them, had their houses wrecked by the mob (*Annual Register*).

The feelings which seem to have prevailed were that the needs of agriculture were so acute that something must be done. The foreigner, so it was said, was not subjected to our burden of rates and taxes. Foreign competition was unfair, and must be guarded against. The heavy fall in prices had made the position, both of farmer and of landlord, entirely impossible, and if the farmer collapsed who was to employ the labourer? Already the rates were almost unbearable.

In the following year the distress was still worse. The price of corn was low, far too low to enable the farmers to pay their rents and their taxes, and if rents were not paid the landowners could not meet their obligations. Arrangements made in view of a price of £5 were impracticable with a price of 48s. A reduction in demand, due to the general lack of employment, and an immense increase in supply, due to the increase in production and good harvests, had brought about little less than a catastrophe. The distress was unparalleled. Terrible things were said by the speakers. Brougham quoted the case of a parish in Cambridgeshire where all but one person was ruined, and that one was brought to share the ruin of his fellows by the impossible weight of the whole poor rate of the parish. The burden of the rates was, indeed, one of the chief causes of the distress in agriculture.\*

\* The Report of the Committee of 1817 stated that the amount of the Poor Rate had risen from £1,500,000 in 1776 to £5,500,000. The

However, while the discussions were still proceeding, prices began once more to rise, and we are told that almost at once there was a rapid increase in the demand for farms. But the evil effects of the 1815 law came to be more and more apparent. The famous Merchants' Petition of 1820 was an indication of the growth of the feeling against restriction, not only as to goods but as to corn, and by 1821 agricultural distress was so marked, and at the same time the dislike of the Corn Law so obvious, that once more Parliament felt that 'something must be done.' The law they had passed to help agriculture had not helped that unfortunate industry, and it was cordially disliked by the other parts of the community. Another committee was appointed, and in due time produced its report. The distress of the agriculturists was not to be denied, and there seems every reason to believe that the operation of the 1815 law had made what were probably inevitable difficulties even worse than they need have been. When harvests were bad, and there was a scarcity, the tendency was to press the price up to 80s., while the moment that point was reached in came a deluge of foreign corn, so that the farmer could get no compensation for his high costs of production. 'Enormous quantities of foreign wheat', said a prominent agriculturist in the course of the Corn Law debate of March 1820, 'continually hang over the home grower like the sword of Damocles, by a single hair.' When there was abundance, on the other hand, it was impossible to get rid of our surplus corn to foreign purchasers, for our price was kept

population at the time was presumably somewhere between 13,000,000 and 14,000,000, as compared with the estimated 7,000,000 of the earlier period. Speakers in Parliament frequently quoted £8,000,000 as the annual charge of the Poor Rate, and petitions gave rates of 19s. and 21s. in the £ as not uncommon.

as it were, suspended above the continental price. Nor was this all. As Huskisson pointed out some time later, there was great distress among the foreign corn growers at the cessation of the English demand for their produce; this distress and the lack of a market tended to lower their price still further, so that if our ports were opened the unnaturally cheapened foreign corn was indeed a dangerous competitor. And worse still, the foreigners who had been accustomed to sell corn to England, and were now unable to do so, were obliged to find other means of livelihood. They might take to producing some other commodity which we also wished to produce, and might undersell us in that instead of in corn. An unexpected effect of the Corn Laws had actually been the encouragement of continental wool. In 1827 it was said that four or five times as much merino as before was grown in Prussia. Moreover, we had put a tax on foreign wool, and the great fall of price which resulted from the check to demand led to the erection of factories in Silesia and Prussia, in which they made up their own wool at a lower price than ours, and competed only too successfully with us in the American markets. The result of our attempt to protect the English producers of corn and wool had been to destroy the markets of the English producers of woollen manufactured goods.

Again, the farmers had taken the law of 1815 to mean that the price of corn would remain at or near 80s., and on this assumption had signed leases and agreed to rentals which they could not possibly pay when the price was, as it had so frequently been, below 80s. The promoters of that law had promised a diminution of the fluctuations in price. Their intentions may have been good, but their success was small. Between 1815 and 1822 the



price had varied from 112s. (in 1817) to 38s. (in 1822). How could any industry expect to thrive under such conditions, and how could the mass of people fail to suffer when the price of corn underwent such violent changes? Farming had become little better than gambling. Moreover, what was to hinder the foreign producer from putting an export duty on his corn, knowing, as he must, that when we did open our ports our need was so great that we should have no choice but to pay the tax?

There was a considerable measure of agreement as to the unsatisfactory character of the existing Corn Law, but it was very hard to know what to put in its place. Agriculture must be helped, and the favourite idea was the imposition of what was called a countervailing duty, that is a duty which equalized the cost of British and foreign corn-growing. It is difficult to imagine exactly how this was to be estimated, when the costs of foreign corn-growing must clearly have varied not only according to the demand, but also from one place and time to another. Ricardo, meanwhile, who described the farmers as 'the most distressed class in the country, and the most cruelly used', wanted another kind of countervailing duty. His was to be one which compensated the agricultural industry for any special burden that fell upon it, as compared with other industries. The other kind of countervailing duty was impossible to work, for there was no such thing as a 'fixed remunerating price' of corn in any country. It must vary according to what we, taught by Ricardo, have now learnt to call the margin of cultivation, and that must vary with the demand. 'If the principle recommended by the Committee were to be constantly followed', says he with indignation, 'then there is no commodity whatever which we

can raise at home that we should ever import from abroad. We should cultivate beetroot and make our own sugar, and impose a duty on the importation of sugar equal to the difference of expense of growing it here and growing it in the Indies.' (There is a prophetic ring about this.) 'We should erect hothouses, raise our own grapes for the purpose of making wine, and protect the maker of wine by the same course of policy. Either the idea is untenable in the case of corn, or it is to be justified in all other cases.' Not even the fiercest of modern Protectionists has advocated the making of British wine with the help of countervailing duties, but the idea so unanswerably criticized by Ricardo is even to-day widely held, and is indeed at the basis of many Protectionist arguments, if not of almost all.

After much discussion, all that actually was done was to alter the price at which the ports should be opened from 80s. to 70s., but the new arrangement was not to come into operation until the price had reached 80s. As this point was not reached, the law was inoperative, distress continued, and so did discussion. There was a splendid harvest in 1822, but the farmers were no better off, or, at least, so said those who spoke for them. The debates upon agricultural distress bring out very clearly what really had happened: the closing of the ports had led to the cultivation of poor soils, and a large increase of the wheat-growing area. In average years this produced a sufficient supply, but in a good year there was a large surplus, prices fell, and land went out of cultivation. Incidentally we learn that the demand for white bread had increased, and that the habit of eating brown bread or oat cake was almost lost. We also learn, what we might well expect, that the true explanation of the troubles

was as obscure as ever to 'the landed interest', who continued fiercely to blame the currency, or the taxes, forgetting that these difficulties weighed not only upon them but upon all other classes of producers. However, it seems that despite their outcries and their determination to attribute their troubles to any cause but the true one, matters were slowly adjusting themselves. Rents had fallen, so, too, had wages, low though they were before, and the acute stage of depression seemed to be passing. No doubt the increase in the general prosperity of the country during this period, before the crash of 1825, helped the agricultural position by increasing the demand for agricultural produce. The modern housekeeper feels envious when she reads (*Annual Register*, 1821) of 'very good mutton' in Devonshire at 2d. a lb., though the modern farmer will sympathize with his ancestor who could only obtain £1 18s. 6d. for a fine sow with eleven little pigs, while two years before a sow and litter of the same size and age had fetched £7.

There was a growing feeling, regarded as very ominous by the landowners, that a change in the corn laws was required, and temporary arrangements were made in 1825 and 1826. No complete opening of the ports was thought to be possible: as Huskisson put it, with a fine mixed metaphor, the 'mound of foreign corn might swamp' the country. But the duty payable was lowered to 10s. instead of 17s. for foreign, and to 5s. for Canadian corn. Meanwhile, the feeling against the corn laws was gathering strength, and the inevitable flood of petitions poured into the House. By 1827, when Canning brought forward the Government plans, it was clear that there had been a considerable change in opinion. According to him there were no extreme views on either side. No one

desired either complete prohibition or complete freedom. Everyone agreed that the law of 1815 had been thoroughly unsuccessful. Minute fractions of price, a few pence, had sufficed to open or close the ports. There were alternations of scarcity and glut. A fixed duty he considered impossible. No government could maintain it in time of distress. He therefore proposed a sliding scale, which he hoped would steady prices. When the home price was 55s. the duty would be 30s., which was practically prohibition, and would safeguard the farmers in years of plenty from the competition of equally plentiful foreign supplies. On the other hand, when the home price rose to 70s., there was no duty on importation, so that the necessities of the consumers could be met.

The proposals, moderate as they appear, met with a storm of opposition from the 'landed interest.' Nevertheless, they passed successfully through the House of Commons only to be thrown out by the Lords. A change of government followed, but the new government announced its intention of carrying out the plans of the old as far as the corn laws were concerned, and their new scheme, also based upon the sliding scale principle, was brought forward by Peel in 1828. The scale was less smooth than that of Canning, the duty falling off more rapidly as the limit of necessity approached. In view of his later relation to the Corn Law question, it is interesting to study the speech in which he introduced this measure. He was anxious to do no harm to the interests vested in land, but he could not but feel the necessity for cheap bread, the impossibility of remaining entirely independent of foreign supplies. With a growing population a greater amount of land must be devoted to the production of such things as milk and butter ; a diminution of the corn lands

did not necessarily mean a diminution of agricultural prosperity. Meanwhile, it must be remembered that the agricultural possibilities of Ireland were still to a great extent undeveloped, and there was every hope that the sister island might do much to supply English needs.

The Bill duly passed, and for some time there is a comparative lull in the discussion of agricultural affairs. The after-war crisis was in fact over. Agriculture was gradually adjusting itself to the new position, the farmers and the landlords arranging their affairs. The great struggle was yet to come, but it comes outside our period.

Meanwhile, what of the labourers? We hear an immense amount about the troubles of the farmers, the burdens of the landlords. But far more numerous, and far more suffering than they, were the agricultural labourers. It is difficult, indeed, to exaggerate the miseries of their position, though when we read the deplorable descriptions given by Cobbett, or by the witnesses before the Poor Law Commission, or by contemporary speakers and writers, we must remember that even Cobbett himself, by no means an unprejudiced witness, describes parts of the country where the villagers enjoyed comparative prosperity, where they were 'comfortably clad', looked healthy and happy, and were apparently well fed. For instance, he tells us of a turnip-hoer on the South Downs whose breakfast was 'a good lump of home-baked bread and not a very small piece of bacon'—of a village where there was 'a pig at almost every labourer's house. The houses are good and warm and the gardens some of the very best I have seen in England.' The demoralization of the Poor Law had not spread to all parts, for instance, not to the north, and not all landlords were exorbitant, nor all employers given to luxury and to grinding the face of the

poor. Nevertheless, even under good conditions, the labourers suffered. Wages were very low, and tended to fall; in 1817 they were said to be a shilling a day without food, while the report upon the payment of wages out of poor rates in 1824 gives about 12*s.* to 15*s.* weekly for the northern counties, where wages were not paid out of rates, while in the south, where rate relief was given, the figures are from 8*s.* or 9*s.* down to 3*s.* for a single man or 4*s.* 6*d.* for a man and wife. Cobbett, in 1825, quotes Hampshire at 7*d.* a day for a single man from the 'parish officers': 'the farmers will not employ single men.' The full wages are wanted for the married with families, and these 'allowed' wages are 7*d.* a day plus a gallon loaf a week for the rest of the family. A hedger got 1*s.* 6*d.* a day wages—not relief. In Wiltshire, in 1825, the parish allowance was 7*s.* 6*d.* for five people. Near Warminster men were digging at 9*d.* a day for the parish officer. These are terrible figures. Terrible, too, are the descriptions we read. And to them we have to add other sources of wretchedness, the degradation and demoralization which inevitably resulted from the constant fear of unemployment and its frequent occurrence, from the operation of the Poor Law as administered, sometimes, probably too often, by unsympathetic and tyrannous overseers; from the operation, too, of the barbarous game laws and the penalties incurred by any transgressor who was so unfortunate as to be caught.

Everyone who has lived in the country knows what country people feel about poaching; much what the average inhabitant of a fishing village, with a convenient harbour for smugglers, felt about smuggling a hundred years ago. Poaching is the poor man's sport. To snare a rabbit is no more a crime, or in any way the wrong thing



to do, than to go for a good brisk walk. To knock down pheasants at night is perhaps going rather far, for everyone knows that pheasants cost something to rear. But even that is more a rash act over which one shakes an amused head than a recognized piece of wrong-doing. And when men were starving, as they were a century ago, when the dealers in game carried on organized plans for keeping the poachers at work, can we wonder that poaching prevailed everywhere, that Parliament constantly discussed the game laws, and that affrays between fierce poachers and equally fierce gamekeepers were the most common of occurrences? No wonder the poachers were fierce when they knew that the penalty for being caught was the possibility of transportation for seven years, while there was always a chance of being hung for using firearms against a keeper. And the barbarous plan of setting spring guns was scarcely likely to make them less fierce. As the humane Romilly said, on moving a Bill for the amendment of the game laws: 'I particularly observed the spirit of inhumanity and ferocity which it (the system of game laws) seemed to excite in all orders of persons upon whom it could be thought to produce any effect. It was not only in poachers, but in the preservers of game that the savage disposition was becoming every day more manifest. The poachers went out armed, prepared for acts of most desperate violence, while on the other hand the practice was becoming every day more frequent of placing spring guns and other engines of death or mutilation in enclosed grounds and woods, by which the most dreadful calamities were brought often upon persons who were perfectly innocent.'

The 'spring guns and other engines of death or mutilation' were at length made illegal, though not till 1827;

perhaps the poacher believed their abolition to be due not only to the growth of humanitarian feeling, but also to the fact that the innocent persons who suffered from them might be of the preserving rather than of the poaching class. The attitude of so many of the well-to-do, as revealed in the debates upon the game laws, is distressing to the humanitarian mind, though Romilly was by no means the only member who took a more generous view. Unless we realize what the severity of the game laws and the law of trespass (under which men and boys might be, and in large numbers were, sent to gaol for three months for damaging trees or fences) meant to the mind of the villager, we cannot form a true picture of country life a hundred years ago. It was not only the terrible poverty, the degradation of the parish cart and the parish pound, the general misery, but the sense of injustice, the horror of transportation, the condemnation and severe punishment by the law of offences which to the village mind were hardly offences at all, that made men bitter and violent. The riots of 1830, the threats of 'Captain Swing', the rick burning, and the destruction of the threshing machines which seemed to take away much of the little work that was left, become comprehensible when we think ourselves, if we can, into the position of the villager of 1815 to 1830. The outbreaks of 1830 were the result of acute misery. Wages were lower than before the war; the demand of the rioters was for a wage of 2s. to 2s. 6d. a day. The farmers, pressed down by the weight of the rates, could not pay so much; they are said to have shown sympathy with the labourers, and to have encouraged them in their demands, leading them to attack the parsons, and demand a reduction of tithe, telling them that if the burden of the tithes and other

charges were lessened, it might become possible to pay a higher wage. All through the autumn of 1830 the revolts went on, and spread from Kent to Cambridgeshire on the east, and Wilts on the west. There was widespread alarm, though the conduct of the rioters was seldom violent, except to machines. Peel said that four or five hours of every day of his life were spent in trying to discover the cause of the troubles. The forces of law and order were far too strong for the peasants, the revolts soon died down, and the men who were taken were punished with what seems to us terrible severity. For instance, the Hampshire rioters, who were tried at Winchester had neither killed nor wounded anyone at all. They had attacked property, that is workhouses, not people. Yet over a hundred were capitally convicted: six were to be executed, most of the rest transported for life. There was, however, so great an outburst of popular feeling that in point of fact four out of the six were reprieved. Thirty-six others were transported, nominally not for life—one wonders if any ever returned—and sixty-five sentenced to imprisonment with hard labour. Cobbett, who was tried for 'inciting the labourers to acts of violence', was more fortunate. The jury could not agree and the case was discharged. In point of fact most of us, reading Cobbett now, would be inclined, perhaps, to think that had it not been for his influence, bitter and unbalanced as he undoubtedly was, worse troubles might have accrued. His constant argument was that the general misery could only be remedied by constitutional reform. He was opposed to rick burning and to violence. It is at least possible that feeling, which might have led to revolution, was guided by him into the channels of constitutional reform.

Looking back, then, we may well pity our ancestors

for the acute difficulties of their agricultural problem. The landowners, under the impetus of the new ideas, and the stimulus of the war, had laid out large amounts of capital upon their estates, and had in addition burdened them with settlements and other charges. Interest and payments could only be met if the farmers paid high rents. The farmers, meanwhile, again under the stimulus of high prices and war difficulties, had taken their farms upon long leases and at high rents. Both farmers and landowners had very much raised their standards of living. Their troubles did not command universal sympathy. The *Annual Register* of 1822 drily remarks that while all agriculturists complain that the currency changes have destroyed their prosperity, 'gentlemen and farmers do not regulate their expenditure upon the scale which was usual at the period of extraordinary unnatural stimulus, but, generally speaking, we do not see that the establishments either of the one or the other are reduced below the scale of comfort and decency which was formerly considered appropriate to persons in their respective stations in life.' Meanwhile, the burdens of the war became heavier, taxes were increased. The attempt to relieve unemployment by means of the Poor Law led to the maintenance, at starvation rates, of the great mass of the labouring poor, to the lowering of wages, to the great increase of the charges upon the ratepayers. Finally, the return from an inflated paper currency to a gold standard meant a fall of general prices which seemed to the landed interest a peculiar aggravation of their special burdens. And more miserable than either landowner or farmer, harassed and miserable as many a hard-working farmer undoubtedly was, were the labourers. distracted by poverty and uncertainty, oppressed by harsh laws,

bewildered by the rapidity and violence of the transition from the old order to the new. It is a depressing page of history.

The rest of the story, which comes outside our period, is more familiar. Everyone knows how the agitation against the corn laws grew and strengthened, how at last came the 'rain that washed away the corn laws', and repeal followed in 1846. We realize, remembering the history of the earlier years, that it was eventually possible to release agriculture from what had become fetters, because agriculture had won through the difficulties of the transition period. The crushing burden of the rates was diminished by Poor Law reform, the prosperity of manufactures meant an increased demand for agricultural produce, science turned its attention to agriculture, implements were improved, new crops and new rotations thought out, the breeding of livestock still further developed. Agricultural wages, however, were still deplorably low, though it is always difficult for the townsman to estimate their true value in view of the varying character of the allowances in kind that are made in different parts of the country. The depression of 1850 presents many familiar features: land going out of cultivation, farms unlet, poverty and trouble. It was, however, of short duration. Once more the transition difficulties were overcome, and farmers who were, perhaps, careless or lazy, secure under their shelter of Protection, were replaced by farmers who used their brains and their muscles to good effect. The change of prices, due to the gold discoveries and the development of trade which accompanied it, helped the farmer, and the late 'fifties and early 'sixties were one of his most prosperous periods. Cattle plagues threatened ruin but were overcome, and although

there were ups and downs the agricultural industry upon the whole enjoyed solid prosperity. In the 'seventies another bad period began : there was a succession of bad seasons, and foreign competition, due to the great development of the means of transport, became severe. Another period of transition followed, and while corn growing was checked, and corn land diminished, the dairying industry advanced with great rapidity, and much progress was made in the breeding of pedigree stock. There was alarm about the diminution of the rural population, the flight to the towns, the decay of the countryside.

That period of transition lasted practically up to our own times, and English farming was gradually adjusting itself to the new position when the great war once more upset all calculations. Again it became important to grow food at home, to avoid that dependence upon the foreigner so much feared a century ago. Again we have seen a great expansion of corn-growing during the war years, a shrinking of the ' margin of cultivation ', as far as corn is concerned, in the years after the war. Again there has been a steady fall of prices, due, like that of our ancestors, partly to currency changes, partly to the diminution of effective demand. Meanwhile, the cost of production has increased because of the burden of war taxes and the need of maintaining the unemployed, so that farmers and landowners are once more faced with difficulties not altogether unlike those which we have been watching. They made commitments or spent money in the high-price period. The resulting charges cannot be met when prices fall. Many farmers bought land at high prices and mortgaged at high rates : again the charges are more than they can bear. They were induced to convert pasture into arable : but corn prices have fallen and the



arable is difficult, if not impossible, to maintain upon the basis of corn as its most important crop.

But if village youths, and still more village maidens, incline to leave the country for the town, if village cottages are not all that they might be in comfort, and very deficient in numbers, if there is still a shortage of water in dry summers, if agricultural wages have fallen and are in some parts of the country at a point which leaves but a slender margin after necessities have been provided, at least we can look at the village to-day, linked up as it is by all the modern developments of transport with the neighbouring villages and town, with its club, its hall, its women's institute, its football and cricket and choral clubs and not least its village school, and we can surely feel that our difficulties, pressing as they may be, compare favourably with those of our ancestors.

There is something about the agricultural question which makes it difficult for many people to think coolly. There is the feeling, rather instinctive than reasoned, that the country is a nursery of the race, that from it health and strength, devoured in the towns, come forth. There is the desire to ensure a reserve of home-grown food, difficult as such a task may appear in face of our population, our acreage, and our climate. There is the innate conservatism of the countryside, which still sees something sacred about the growing of wheat, and will take no agricultural methods, however intensive may be the cultivation they involve, however satisfactory the numbers they employ, or the profit they make, as a satisfactory alternative. There is, in short, the feeling which showed itself so strongly in the days after the Napoleonic war, that 'something must be done for agriculture', even if that something involves, as it almost inevitably must, a shifting

of the agricultural burden to the shoulders of the general community. Our grandchildren will write the history of our efforts to help agriculture without laying unbearable charges upon the rest of the population.

## IV

### THE URBAN PROBLEM

WHAT, meanwhile, was the position of commerce and industry, and of the industrial worker? If the atmosphere of agriculture was one of almost unrelieved gloom for the first ten years or more after the peace, that of industry was mainly dark, though with temporary rifts in the cloud, and even occasional gleams of bright sunshine.

During the war, England had been developing her industries at a rapid pace. Population increased, mills and warehouses sprang up, business extended in many directions. The change from the domestic to the factory system, and from production on a small scale to that upon a large had become definitely established. So rapid was the growth that Britain came to have a greater share of the world's productions than it was possible for her to keep. The other countries began to develop their industries, and were no longer content to take their products from Great Britain. Moreover, they were much impoverished by the war, and even if they had been willing would have been unable to consume what Britain could supply. Meanwhile, the British manufacturers had been hard at work turning out huge quantities of products in expectation of the demands of a world hungry for their goods after the peace. Works had been extended, capital invested, enormous production had taken place.

The result of all this accumulation, coupled with the lack of demand, was a serious state of distress. Manufactories were either closed, or at best worked upon short

time. There was a heavy fall in prices. Not only was it necessary to accomplish the transition from war production to peace production, but to dispose of the mass of unsaleable goods made with a view to what proved to be a non-existent market. The depression was universal, the suffering acute. Petitions flowed in to Parliaments which could do but little. The Government attempted to promote what we should call relief works, by advancing half a million to individuals or corporations for the carrying out of public works, and 'to employ the poor.' There was a general insistence upon the necessity of rigid economy upon the part of the government, although there was the usual dislike to economy upon the part of those who were its victims. Heavy taxation was blamed, no doubt with justice, for the distress. So, too, were the currency changes and the fall in prices.

Brougham, in the course of the Parliamentary debates of 1817, painted a dark picture. There had by this time been several years' experience of after-war depression. In the clothing trade, which was not one of the most depressed, one-third of the workers were completely idle, and only two out of every nine were working full time. In iron, things were worse. Iron workers earned 10s. to 18s. instead of 18s. to 42s., nailers 8s. or 9s., unskilled labourers a shilling a day. There was much unemployment. Cotton weavers were earning 3s. 3d. weekly, an impossible sum upon which to support life. There was a great falling-off in the general consumption of luxuries, and those engaged in their manufacture, for instance, the silk workers and the watchmakers, were unemployed. Little wonder that there were occasional riots, and here and there frame breaking and attacks upon machinery.

Fortunately, however, there was a revival of trade

which lasted for over a year, a period long enough to encourage industry if too short to enable the operatives to recover from the distress which they had endured. But by the spring of 1819 general depression once more prevailed, with all its accustomed features. The unemployed were asking for help to enable them to join the emigrants who were pouring out of the country, wages had fallen, everyone was again in deep distress. The government responded by making a grant of £50,000 to assist emigration to the Cape of Good Hope, Canada being 'overburdened with immigrants', and more than 5,000 people were sent. There was general alarm, an atmosphere of trouble, suspicion, anxiety, strikes, and misery. It was the year of Peterloo, perhaps one of the blackest of the black years after the peace.

Gradually men's minds were awakening to one of the main causes of commercial trouble, one which differed from some of the others in that it was remediable. The Petition of the Merchants of London in 1820 is a tremendous indictment of the amazingly complex financial system of the day. That system was extremely expensive, it was so complicated that no one understood it, it was almost unworkable, it involved business in a thousand unnecessary difficulties and expenses. Its object was the restriction of imports, and slowly it was dawning upon the mercantile mind that if imports were kept out, exports were unable to flourish. Finally, its existence kept alive the one industry that flourished in good times and in bad, that of the smugglers. There had been a number of consolidation Acts, but the tariff remained so unwieldy that it is scarcely possible for us to realize its complexities. In 1816, for instance, there were in Great Britain 1,591 rates of duty on imports, and these were not simple taxes, but

made up of several duties imposed at different rates by different laws. There were the different laws for Great Britain and Ireland, which involved another set of complexities in drawbacks and repayments. Many of the provisions were entirely obsolete, but were still enforced, for example, a whole set of regulations which dated from the seventeenth-century struggle with the Dutch for the carriage of East Indian produce. The navigation laws, too, forbade goods from Africa, Asia, or America to be imported except in British-built ships, and other than direct from the countries of their growth, produce or manufacture, and from the ports whence they were usually first shipped for transportation. And to add to the complication there were numbers of exceptions to these navigation laws. The whole system had become not only, to many minds, bad in theory, but to all experience unworkable in practice.

So thought the merchants of London, and their famous Petition deserves quotation: 'the deliberate judgment of the merchants and traders of London, the result of their daily observation of the evils inflicted upon the country by the unnecessary restrictions imposed upon their industry and pursuits.'

They say:—

'That foreign commerce is eminently conducive to the wealth and prosperity of a country, by enabling it to import the commodities for the production of which the soil, climate, capital, and industry of other countries are best calculated, and to export in payment those articles for which its own situation is better adapted.

'That freedom from restraint is calculated to give the utmost extension to foreign trade, and the best direction to the capital and industry of the country.



‘ That the maxim of buying in the cheapest and selling in the dearest market, which regulates every merchant in his individual dealings, is strictly applicable for the trade of the whole nation.’

And they go on to say that such a policy would tend to the increase of wealth and enjoyments, but that unfortunately one founded on entirely opposite principles has been generally adopted, each country trying to exclude the produce of others in order to encourage its own. The results are severe privations to the bulk of the consumers, and constant difficulties between states.

The prevailing prejudice as to protection is, they consider, due to the erroneous supposition that the importation of foreign commodities means the displacement of home production, although ‘ as no importation can be continued for any length of time without a corresponding exportation, direct or indirect’, this view is wholly fallacious. Protective and prohibitive duties inflict a heavy tax upon the whole community, but few of them are of ultimate benefit to those in whose favour they are instituted, and none to the extent of the loss which they cause to other classes. Moreover, there is one very bad result of the system, which is that if one industry is protected all the others claim to be protected too. The logical result would be the exclusion of all foreign commerce. We may try to get concessions from other nations, but even if we do not, our own restrictions are none the less harmful to ourselves, because other governments persist in their tariffs.

Surely a very remarkable document, not only in its substance, but in its date, and one which still deserves consideration and quotation. Other petitions on similar lines followed, and it is clear that there was a general state

of unhappiness at the extent of the distress, and a general bewilderment as to the best remedies to apply, if, indeed, any remedies at all were likely to prove effective. To some thinkers it seemed that the distress was universal, for it prevailed both upon the Continent and in the United States, and that time alone would help it. Others declared that Great Britain was the only country in which industry remained not only as much depressed, but more depressed than it had hitherto been. 'Five years had elapsed since the peace and all our industries were in a state of utter prostration.'

After much discussion a committee upon foreign trade was appointed, and advised in favour of the removal of restrictions, but stated that changes should be made very gradually and with due regard to the interests of the protected industries. The inevitable flood of petitions ensued, not only from those who were suffering from restrictions, but from the others who were alarmed lest their protection should be withdrawn.

It was truthfully said that 'the admission of the principle that restrictions on trade were injurious was easily obtained, but the moment it was attempted to apply that principle the various interests involved were in arms. Every interest was well supported in Parliament save that of the unfortunate consumers, nine-tenths of the population.'

Meanwhile, the worst of the depression seemed to be passing away: we have a general impression of the gradual revival of trade. Probably the heavy stocks manufactured in the boom had been cleared off, credit was better, there was less speculation, the improvements in the currency gave greater certainty, trade was less of a gamble. There was far less unemployment, though wages were still very low, and there were riots against the

reduction of wages and an occasional strike. The poor rates in the manufacturing towns fell considerably, the building trade was active, exports increased, and with the recovery of trade came recovery in the shipping industry and the revival of shipbuilding.

We hear complaints of low profits, but we suspect from this that there was less of the violent fluctuation and speculation in which such great fortunes had been made—and sometimes lost—during the war years. The day of the war profiteer was over, that of the steady business man had returned. Although wages are said to have risen in many industries, they were still deplorably low, and we find complaints of the displacement of labour by means of machinery, and demands for the fixing by Parliament of a minimum wage. Industry was, as indeed it has been ever since, in a state of rapid change. The transition from war to peace had at last been accomplished, and the worst of the distress due to this cause was over. But the other causes of trouble were still active, and men had not as yet begun to apply their minds to the necessity for inventing some machinery which will spread the burdens caused by change over the community, instead of leaving them to be shouldered by individuals who cannot bear them, and whose sufferings mean a lowering of the vitality of the whole nation. We are still struggling to improve and perfect that machinery.

This steady increase of business was not, however, destined to last long. Men were beginning to recover from the caution taught them by the bad years, and once more to suffer from the preliminary symptoms of the speculative fever. After the peace there had been great expectations, which not only were unrealized, but had turned into disappointment and depression. With the

return of prosperity and better times these hopes revived. Surely the world would now be able to afford British products in large quantities? Prices began to rise, profits to be made not only by hard work and business efforts, but by the sale of commodities produced or purchased at lower prices. Speculation grew, and before long led to the tremendous collapse of 1825, 'one of the most tremendous and searching convulsions ever experienced in any country.'

Meanwhile, however, the Government had been at work clearing up a few of the complications of the tariff. There were reductions in the duties on such important articles as wool and silk, and alterations in the coal duties, which were naturally received by a storm of opposition from the industries in question. The battle between those who were against restrictions and those who clung to protection was fairly set.

In the course of the debates we have constant reference to the extraordinary prevalence of smuggling, and, as we might expect, a good deal of enthusiasm for the general principles of free trade coupled with an extreme disinclination to apply them to the particular industry in which the speaker was interested. It is also interesting to note that one effect of the proposed reduction of the silk duties was to attract some French merchants to England, with a view to setting up their works there. The foreign rivals of the English silk manufacturer clearly thought that their ability to compete with him in the markets of the world would be rather diminished than increased by the removal of the protective duties upon British silks. An entertaining little incident is described by the chronicler of the *Annual Register* in 1826. One of the French merchants was accused of smuggling

French silks into England. His accusers selected from his warehouse a number of pieces of silk which they swore were of foreign make. The merchant, however completely destroyed the case of his traducers by producing the actual operatives who had made the pieces in question. All were English, and every piece had been woven either in Spitalfields or in the Manchester district. Clearly there was nothing wrong with British workmanship, whatever may have been amiss with British management.

Meanwhile the repeal of the combination laws, and the evident signs of prosperity among the manufacturers, who had seldom raised wages in proportion to their own improved profits, led to a series of strikes and stoppages. We are constantly reminded of the sufferings of the handloom weavers, who were in process of displacement by power looms, and who were reduced to misery in the process. In the midst of general prosperity they remained in deep distress. They could not earn enough to maintain life, they were waging a desperate and hopeless struggle against despair. Cobbett, in 1825, gives a description of the starving weavers of Frome, who for want of work, were earning parish pay upon the roads, 2s. 6d. a week for a man, 2s. for his wife, 1s. 3d. for each child under eight, and 3d. for each child above eight who could go to work. If the children over eight did not work they got nothing. These people had pawned everything that could be pawned, and Cobbett adds the curious note that all over Wiltshire he had met starving weavers from the north who had wandered south, and were singing ballads of distress: 'people who could afford it generally gave them something.'

There had been industrial distress from 1815 onwards, except for a brief interval in 1818 and 1819. Everyone

hoped that it was over, that the increase of prosperity which had become more and more apparent in 1821-22-23, and 1824, was destined to last. But the tremendous crash of 1825, due to over speculation, brought another period of distress. Once more warehouses were full of goods manufactured in a time of rising prices, which had to be sold in the slump before production could begin again. But the distress this time was not only less severe than it had been in the earlier days, it was also of shorter duration. There were strikes and riots indeed, but again many of them were due not to general stagnation, but to the difficulties between the power-weavers and the hand-weavers. We hear of petitions from Scottish hand-loom weavers asking to be helped to emigrate, and we are told that they could earn no more than from 4s. 6d. to 6s. a week. The starving hand-loom weavers of Blackburn sent a petition demanding 'the relief which their unmerited sufferings required.'

Within a few months of the crash there seems to be a general revival of industry, and for the next two years things seemed to be going well. Wages were still deplorably low, but so were prices and profits, and the absence of high prices tended to check speculation. But with 1829 came once more the deepest distress, and this time with no apparent reason or explanation. Once more floods of petitions, demands for remedies and relief, complaints of high taxes and of currency changes, poured into Parliament. All through the year the distress was appalling; there were riots, destruction of machinery, raids upon bakers' shops, none of them to be wondered at when the people were literally starving. Fortunately, at the end of the year things once more began to improve and by the following autumn the industries which had



been regarded as hopeless were once more in full swing. Dying industries have an unaccountable hold on life. Nevertheless, distress, though not so severe, remained, and there was much discussion both in Parliament and outside, and the usual attempts to account for the troubles by whatever cause the speaker happened most to dislike, whether the presence of restrictions or their removal, or (perhaps the favourite) the changes in the currency. Meanwhile it was wisely observed that the distress was not peculiar to Britain, but was felt everywhere, and that if we suffered more than others it was because our industry was more complicated and more extensive than that of others lands.

Meanwhile the clearing up of the tariff had proceeded steadily. A great codification had been accomplished in 1826, which at least made it possible, if not easy, for merchants to understand the laws which controlled their operations, while the changes introduced between 1823 and 1830 lessened the opportunities of the smuggler, with the result that the revenue improved while neither producer nor consumer suffered.

A fashionable dressmaker, in that same year, invented a new and ingenious method of disposing of her goods. She implored one of her customers, a 'lady of high quality', to save her from ruin by taking away some thousand pounds worth of goods, which had recently arrived, by the usual illegal channels, and of which information she found had been given to the Customs. She was in hourly expectation of a raid. The lady, full of sympathy, took away the packages in her coach, and told her friends. All the goods were sold, no doubt at excellent prices, within a very short space of time, and the dressmaker was well pleased at the skill with which she had

realized her no doubt admirable but entirely British-made products. (*Annual Register*.)

The extent to which smuggling had been carried on is difficult for us peaceful people to realize. 'Let anyone go down to Brighton', says Huskisson, in his speech of 1825 on the removal of restrictions, 'and wander along the coast, thence to Hastings. I will undertake to say that he shall most easily find at every place he comes to, persons who will engage to deliver to him, within ten days or a fortnight, any prohibited article of manufacture which he can name, and almost in any quantity, upon an advance of 30 per cent. beyond the prime cost at Paris.' And he goes on to point out, what those who think of the picturesque side of smuggling are apt to forget, what such a system means. 'A number of families, that would otherwise be valuable and industrious members of society, exist, and train up their children, in a state of perpetual warfare with the law, till they insensibly acquire the habits and feelings of outlaws, standing rather in the relation of pirates than of fellow subjects to the rest of the community.'

A famous example is that of the well-known bandana handkerchiefs, which under prohibition were universally used, and as universally smuggled. By 1830 bandanas were as much in use as ever, but they were now made at home, while a flourishing export trade in them had grown up, so that the very articles which had under prohibition been smuggled in such enormous quantities, with no profit to anyone except the smugglers and presumably the foreign producer, were now a source of prosperity to the home producer. The silk trade had indeed suffered remarkable fluctuations of prosperity and distress, but there seems evidence that much of its distress

was due to speculation and to unduly rapid expansion. Huskisson again describes the conditions of the silk industry in the course of his speech of 1826. Prohibition, as he reminded the House, had been removed in 1824, but the industry was given time in which to accustom itself to the change. According to all predictions, that time should have been spent in dying. Silk could not survive the removal of its legislative swaddling bands. So far from dying, however, it insisted on expanding.

'In the spring of 1825 there prevailed a degree of excitement, a spirit of speculation, an extension of demand in this manufacture, to a greater degree than had ever been witnessed before, in almost any branch of trade. It was in 1825 that so many new factories were erected, so many new mills set at work, so many new looms occupied. The old mills were not sufficient, new ones were raised, the erection of each of which did not cost less than £10,000 to £15,000.'

Moreover, although there had been a large increase in the population of Macclesfield, there appeared in February 1825 the following advertisement, addressed to 'Overseers, Guardians of the poor and families desirous of settling in Macclesfield': 'Wanted immediately, from four to five thousand persons from seven to twenty years of age, to be employed in the throwing and manufacture of silk. This is a most favourable opportunity for persons with large families, and overseers who wish to put out children.'

All this throws a remarkable light, not only upon the demand for children of tender age in mills, although as Huskisson observed, at the very time that this advertisement was published, the House was very properly occupied in passing a Bill to forbid the employment of children under nine in cotton factories, but also upon the extra-

ordinary fever of speculation which preceded and brought about the collapse of 1825. It also suggests that there was no acute alarm about the future of the silk trade, despite the violence of the protestations against the removal of the restrictions upon it.

By about 1830, then, the worst of the difficulties caused by the transition from war to peace were over. Those that remained, and they were many, were less the after-war problems than troubles which resulted from the new industrialism, which in itself had so gravely added to the inevitable difficulties produced by a great war. Gradually the industries which ministered to war had converted themselves into industries that minister to peace, or at least were selling their munitions to other countries than their own : gradually the lavish spending, which results from the urgent needs of those who are responsible for carrying on a great war, and cannot fetter themselves by considerations of economy, had been checked, and the preaching of retrenchment, the obvious necessity for economy, had had their effect. The enormous possibilities of the new markets which were to become so much more accessible than ever before by means of steam transport, were to give fresh scope to large-scale production. The spirit of violent speculation, again encouraged by the hazards and the opportunities of war conditions, had been checked by the disasters of 1825, although commercial panics and crises were destined to recur. But one good had come out of all the evil, and that was the simplification of the commercial tariff. The troubles of the after-war period had turned men's minds to a study of their causes, and among so many that only time could cure, they had discovered one that they could remedy by their own acts. The modification and still

more the simplification of the tariff, the sweeping away of so enormous a mass of obsolete and meaningless restrictions, had done much for industry, had helped it to win the new markets for its products, and helped to make Britain the greatest exporter, and the carrier of the world's goods. A further simplifying Act was passed in 1833, and the report of the Committee on Imports in 1840 prepared the way for Peel's sweeping reforms. The rest of the story belongs rather to the history of taxation than to that of trade, for it shows how the relaxation of fetters gives elasticity and leads to expansion, how a diminution of the number of duties may mean a largely increased revenue, and a much diminished cost of collection. But from the point of view of trade the simplified tariff meant a lessened charge upon the consumer, and consequently an increased spending power, as it meant a lessening of the costs of production of the producer, and consequently an increased power of competing in the markets of the world.

The changes in the tariff which were carried out after those first stages, inspired by after-war difficulties, and not concluded till nearly forty years later, were not destined to remain unchallenged. At different times different industries have suffered from different difficulties, and on each occasion there has been no lack of advocates for the old remedy of protection. The competition of other countries has become more severe as those other countries have developed their manufactures, each of them profiting by the experience of those who have preceded them, and avoiding their mistakes. One of the greatest and most prolonged of all the tariff battles was waged in the early years of the twentieth century, and recently it has once more been suggested to us, in our after-war difficulties, that our distressed industries may

benefit from that protection which so signally failed to help them a century ago.

Meanwhile, although industry had gradually adjusted itself to the new conditions, had found new markets to replace the old, rearranged its views as to prices and rates of profit, replaced and renewed the capital destroyed by war, provided enough to make possible the expansions which the new industry demanded, there remained the great question to which our ancestors sometimes referred under the heading of the *State of the Nation*, but which was more accurately described as the *Condition of the People*.

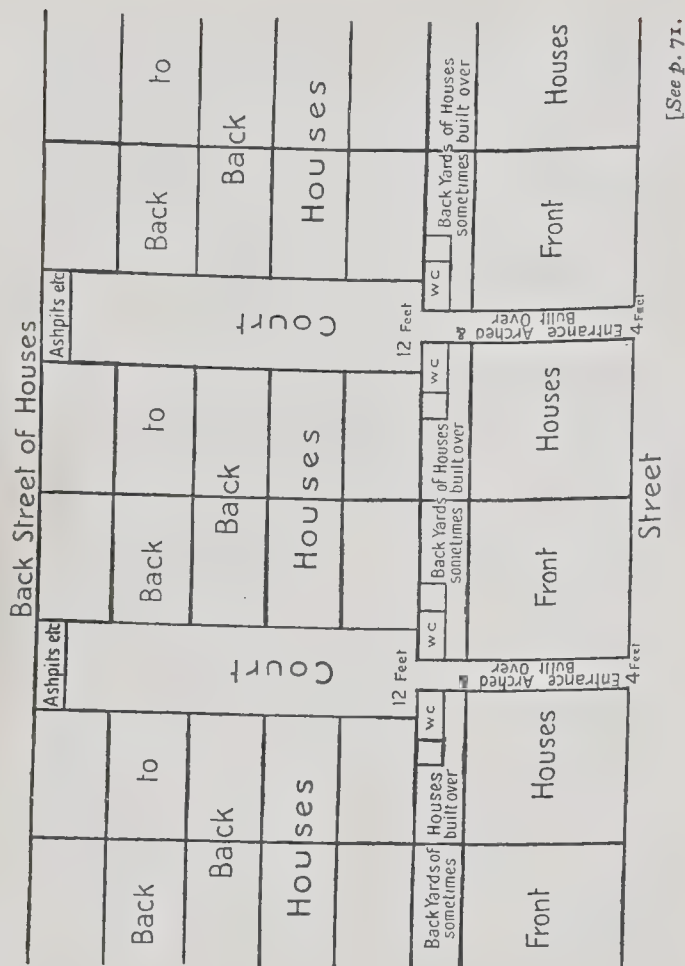
What were the conditions in which lived this new population, called into existence by the needs of the new industries? Wretched as was the state of the agricultural labourer, that of the workers in the towns was surely even worse. The countryman had at least fresh air and sunshine and light, his accustomed surroundings, the possibility of growing some of his own food, and in wooded districts where, as Cobbett points out, there was usually an appearance of comparative prosperity, he had his own fuel. The townsman had none of these advantages. He had come flocking into the towns in an age when almost nothing was known of sanitary science, when men's ideas of housing, ventilation and sanitation, were still those to which were due the pestilences of the Middle Ages, the great plague, the endless fevers which slew untold numbers. The urban populations had grown with such speed that it was difficult to house them at all ; there was no question of housing them in accordance with as yet undiscovered laws of health. To this day we are suffering bitterly from the way in which those early builders endeavoured to provide for the shelter of the new towns-



men. Every health worker has black spots upon the map of the town, places where the rate of infant mortality is heaviest, where tuberculosis prevails, courts and yards and streets which fill the hospitals and help to fill the police courts. Many of them are dated by their very names. Waterloo Buildings and Wellington Row vie with Perkin's Rents, Somebody's Gardens, and Black Horse Yard for unenviable notoriety. We know what their death-rates are now, we wonder what they must have been in those war days when unemployment was rife, when food was scarce, when hardly any agencies for the help of their inhabitants had yet been evolved.

The cholera which scourged England made men turn their minds to sanitary problems, and the Report on the Health of Towns in 1840, and that on the Sanitary Conditions of the Labouring Population in 1842, paint the most horrible pictures of social conditions which it is possible to behold.

The methods of building adopted had been only too often such as to render health absolutely impossible. The Liverpool plan, for example, and that of many another town, was to build a street of ordinary small houses, and then upon the yards behind these houses to crowd other small cottages, back to back, each yard ending where the yard at the back of the next street began. To such dwellings air could never penetrate, shut out as they were from the street by the taller houses in front, often houses of an earlier period, now let off in single rooms. Sanitation there was practically none, heaps of refuse accumulated in half-ruined sheds, which served the needs of the whole court and probably of the houses in front. The water-supply was non-existent or distant, the inhabitants must draw what they required from a



tap or pump at the end of the street. Many of the cottages consisted of a living-room with one or two bedrooms above and a cellar beneath, and the cellar was only too often let off as a separate dwelling. We hear of two or three families sharing one of these tiny cellars, ten feet square, of rather over than under one-fifth of the working population of Liverpool living in cellars.\*

There was no sewerage to carry off moisture, which, polluted and abominable, flowed into the cellars or the living-rooms, and lay in stagnant, pestiferous pools about the yards. Paving there was none, nor cleansing. The state of filth was indescribable and unimaginable. Little wonder that malignant fever filled the hospitals, that 'putrid fever' was the commonest of complaints, that illness was rife; little wonder that those of the children who managed to survive an upbringing in such conditions grew not into healthy men and women but into stunted and diseased creatures. The marvel is not that we have a partly C3 population, but that in less than a century, for it took some time for us to realize what was going on, we should have done so much to remedy the terrible ills which resulted from the rapid multiplication of slums and of disease. There can be few more instructive object-lessons than the series of maps marked with little red dots to indicate the presence of typhus fever, which are included in the health reports of any great town (from the time when they first had health reports). The map seems at first, in certain well-defined localities, all red. Gradually the dots diminish, and typhus, the typical filth

\* 'Of the 175,000 individuals of the working classes, I estimate that nearly one half live in courts. There are upwards of 8,000 inhabited cellars, and I estimate their occupants at from 35,000 to 40,000.'—Report on the Sanitary State of the Labouring Classes in Liverpool (1842).

disease, is no longer the scourge of our cities, had indeed become unknown to us until the recent war once more made its name and aspect familiar to British workers among the armies and refugees of other lands.

There were seldom any open spaces within reach of these wretched dwellings, too often no playgrounds to the schools, though some towns, for instance, Birmingham, which indeed in many ways was one of the best, were more fortunate in this respect. The schools themselves left much to be desired: they are described as 'very close and extremely ill-ventilated', 'frequently held in a cellar or a garret', many of them used also as a living- and sleeping-room. Light is thrown upon the attitude of those responsible for these school children by the answer of the mistress of one of them to the visitor who commented upon the atmosphere: 'they thrive best in dirt.' One Liverpool school was up three pairs of dark, broken stairs, with forty children in the compass of ten feet by nine. The children shared this spacious accommodation with three black terriers, a cock and two hens, and the master, who prudently sat exactly in front of the small window, so that he shut out most of the light. The investigator noted the depressed appearance of most of the masters and mistresses, and pointed out that the small sums they received for their services were insufficient for their maintenance.

Finally, the presence of a large number of Irish immigrants added a further complication. 'Irish town' was always the most disease-ridden, poverty-stricken, crowded, hopelessly insanitary quarter of all the wretched districts inhabited by the working people in the new industrial towns.

Meanwhile, the industrial conditions were undoubtedly

very bad. The mills and the mines were full of little children, working often for such long hours that it seems impossible to understand how they can have kept awake, still less how any of them ever grew up. Wages were deplorably low. And we shall not fully understand what all this can have meant to the crowded masses of workers until we realize that until the repeal of the Combination Laws in 1826, any attempt to organize themselves, to discuss their own difficulties, even to leave the employment of masters who paid less than the ordinary wage, meant the possibility, even the probability, of imprisonment. The conditions, not only physical but mental, which prevailed among the workers in the new industries are indeed so depressing that we should hardly bear to think of them if it were not for our knowledge that those very horrors were leading men to understand the urgent necessity of improvement. In the very worst time we have the shining example of Robert Owen showing by actual experiments that good conditions and high wages were compatible with good business and high profits. We know, too, that not only was the conscience of the nation slowly awakened to the need of Factory Acts, of sanitary laws, of education, to the slow realization that the prosperity and well-being of any nation could not be maintained upon a basis of what was only a few stages beyond slave labour, but also that the workers, aroused by their sufferings, living close together in large numbers, worked out for themselves the organizations which were destined to do so much for their own improvement in later times. It was in the crowded factories and mines that not only the Trades Union movement, but also the Friendly Societies were born.

Within eight years of the Report upon the Health of

Towns the first great Public Health Act was upon our statute book, and upon the foundation thus laid has been built up a great and imposing edifice of public health and housing legislation and administration. Unluckily for us, the mistakes of our predecessors still exist in solid form, though the worst have been cleared away. We have now arrived not only at the idea of town-planning, but even at that of regional planning. We are still finding it difficult to get our plans thought out in time, still more difficult to get public opinion educated up to their proper understanding, while, meanwhile, the people need houses and yet more houses, and our all-too-solid past mistakes clog and burden our administration and complicate our plans.

The conditions of the factories in which these miserably housed people worked has been made familiar to many of us by quotations from the early reports. Nor should we fail to remember that the factories repeated upon a larger scale conditions which were already in existence on a small. Child labour, long hours, and insanitary conditions were nothing new. It is arguable that their transference from small homes and buildings to large factories brought them under public notice and in the end led to that regulation and to those developments in public opinion which make modern factory life, if not yet wholly satisfactory, so vastly better than that against which the reformers of the early nineteenth century waged war.

It is hard, perhaps impossible, to disentangle the difficulties which arose from the new methods of industry—the change from small towns to large, the development of the new industrial system based upon steam and large-scale production—from those difficulties which were due to the war. Perhaps, what we can safely say is that, as



one would expect, the war enormously aggravated difficulties which were inevitable. It brought about violent transitions in demand, it led to speculation and unduly rapid developments, followed by stagnation or collapse. It meant high taxation, and fluctuations of prices, which are fatal both to prosperity and to wholesome conditions of trade. It meant, too, much dislocation when the industries that supplied war needs suddenly found themselves without a market for their products, and it meant, also, a loss of expected markets because the European world was too much impoverished to buy British goods in other than small quantities.

Much of the unemployment was clearly due to these causes, while much again, for instance, the long drawn-out agony of the hand-loom weavers, arose from the dislocation due to the new methods of production.

It is clear that the distress which resulted from all these dislocations and difficulties was such as is scarcely to be imagined in our day, and that there was no machinery to grapple with it, that little was done, or could be done, to help. Relief works and emigration hardly touched the fringe of the distress. What did come out of the commercial troubles was the determined and successful attempt to reform a system of tariffs which partly owed their complications to the emergencies of war needs. Industry, freed from these unnecessary and artificial shackles, showed an immense power of expansion, and of the production of wealth. Many of the ideas that lie at the root of our modern social reforms date from these years, and the familiar, if still terribly complex, problems of our own day can be traced in their early stages. And, finally, we are surely entitled to the feeling that, much as there remains to be done before our social structure is

satisfactory to the sensitive mind, or to the awakened civic conscience, we have every reason to be proud of what has been accomplished in the century that has elapsed since the distresses of the last great after-war period. Sufferings such as the poor endured in those days are fortunately impossible, scarcely even imaginable, to-day.

## V

### FINANCE

THE student of our financial history for the last hundred and fifty years forms a mental picture of rapid and steep ascents, long and slow declines, in the levels of expenditure and of public debt. With each war up goes expenditure and the accumulation of debt. In the peace years that intervene attempts are made, with varying success, to reduce expenditure, to pay off debts. We ourselves have just lived through the most expensive of all wars, have watched the accumulation of the most enormous of all additions to the public debt. We shall presumably watch, as others have watched before us, the attempts, under pressure of public opinion and economic need, of successive chancellors to reduce expenditure and at the same time to maintain the social services which the public demands in increasing measure. We shall see, too, attempts to reduce the burden of debt, because that burden is one of the most serious impediments to the reduction of expense.

Just before the French wars, Pitt, strongly influenced as he was by the doctrines of Adam Smith, was making a determined effort to reduce expenditure, to simplify the tariff and to reduce the debt. He remitted and simplified, he began to repay, he was laying the foundations of a greatly improved financial system when the war destroyed all his plans. Its cost was enormous. Fresh taxes had to be imposed, and additional percentages charged upon those which already existed. Simplification gave way to confusion and the debt mounted by leaps and bounds.

Pitt's methods of raising loans were fiercely attacked. In truth the demand for capital was so great, the opportunities of obtaining it so limited, that in order to procure the requisite amounts it was impossible to avoid borrowing upon very unfavourable terms. The choice was between borrowing at or near par at a very high rate of interest, or borrowing at a low rate of interest and obtaining very much less than the nominal sum for the loans. The amount of the debt was enormously greater than the cash obtained. Consequently the burden of repayment seemed tremendous, and it was forgotten that meanwhile the annual charge for interest had been kept down. Pitt himself was most anxious to diminish this burden, and his two most important efforts were the scheme for the redemption of the land tax, and the famous Sinking Fund. By the former plan he made the land tax, hitherto levied annually, perpetual but redeemable. The terms of redemption were sufficiently good to encourage those who wished to clear their land of the charges. In order to do this they were to buy, and to transfer to the commissioners for the debt, enough stock, that is enough debt, to yield a revenue one-tenth greater than the amount of tax to be redeemed. Owing to the low price of stock, this offer proved acceptable, and in 1798 and 1799 considerable amounts—nearly a quarter of the whole—were redeemed. In after years, however, progress was slow, and as an attempt to diminish the burden of the debt the scheme had but a modest success.

The Sinking Fund plans were based upon what then seemed the almost magical idea of compound interest. Walpole's sinking fund had been a complete failure. The amounts raised for debt charges were used for purposes other than the debt, and over the whole period in

which it was in existence the amount paid off was small, while the new debt incurred in order to effect repayment was large. 'On the one hand a sinking fund was being diverted from its purpose of redeeming debt, on the other a new debt almost equal in amount to the sinking fund was being incurred.'

Pitt's plan was to set aside a fixed sum of one million annually, and to hand it over to commissioners who were to use it for the redemption of debt and for no other purpose. The debt so redeemed was, however, not to be extinguished, but to remain in the hands of the commissioners, who would also receive the interest upon it, until the total amount in their possession was enough to yield in dividends four million a year. When this desirable point was reached there would thus be available five million yearly for the redemption and extinction of debt. This interesting scheme was evolved in pre-war days, and the Sinking Fund was maintained throughout the war, although at the same time fresh debts, often at a much higher rate, were being incurred. As a peace plan there was much to be said for it: its maintenance in time of war-borrowing and high interest involved the nation in a heavy loss.

Another attempt to provide for repayment was made in 1792, when the principle of making each debt carry its own sinking fund was established. That is, for each sum borrowed, there was to be not only a certain rate of interest, but also a rate of one per cent which was to provide for repayment. The two sinking funds were combined in 1802, and other modifications were made by Vansittart in 1813. But in the period of weak and confused finance which followed the war, the sinking fund continued to be misused. The House of Commons in 1819 appointed

a committee to consider the whole question of the funds, and as a result of its recommendations decided to set aside the sum of five million annually for redemption. As there was never any sufficient surplus this plan was even less successful than the other. What really happened was that entirely fictitious surpluses were shown in the accounts, sometimes by means of borrowing from the sinking fund itself. Finally, the absurdity and extravagance of the whole position was clearly shown by Lord Grenville's famous Essay on the Sinking Fund, in 1828. It was made perfectly clear that what had happened had been the borrowing at a high rate to pay off debt at a low rate, and that these operations had involved the nation in an extra expense of about a million and a half annually for a number of years.

The Finance Committee of the House of Commons in 1828 recommended the abolition of the whole scheme, and showed plainly that there could be no true sinking fund unless there was a true surplus. They suggested that chancellors should try to budget for a surplus of about three million, and that this sum should be devoted to the repayment of debt. This scheme, with certain modifications, was adopted by the Chancellor, Goulburn, and the arrangement was maintained for about forty years. The amount paid off, however, was not great : it is said to have averaged about £1,300,000 yearly.

To complete the story, we may remind ourselves that in 1866 there was a new arrangement, by which any surplus that there might be at the end of a financial year was to be applied to the redemption of debt. This is the Old Sinking Fund. It was not likely, other things being equal, to do much for redemption, because departments were little likely to estimate for surpluses. But it has



come to the front again in our own day, when there was a large and unexpected surplus, which was devoted to the repayment of debt, and which a number of people felt very strongly ought to be used instead for the remission of taxation. Besides the Old Sinking Fund there is also the New Sinking Fund, established in 1875, by which a definite sum every year is put aside for debt charges. Such of it as is not required for interest each year is used for redemption, and in prosperous times this proportion of the whole sum would inevitably increase, so that over a period of years of steady finance increasing amounts of debt would be paid off, and in due time the total yearly charge might be diminished, while yet redemption might proceed. These hopes were held out by successive chancellors, but vanished in the course of our own war. More than once, in times of financial stress, it has been necessary to suspend the sinking fund, and its existence is always a temptation to hard-pressed chancellors. In good times some debt has been repaid, in bad repayment has been stopped in order to avoid fresh taxation or to lessen its amount. But since 1828 we have not been guilty of the extravagance of borrowing at a high rate in order to repay loans bearing a low rate of interest.

The story of the Sinking Fund has taken us far from our own period. Every War Finance Minister has to consider the problem of who is to bear the burden of the war, and in what proportions : he has not only to decide between different sections of the community, and apportion the charges as fairly as he may between them, but he has also to decide between his own generation and posterity, a decision which is not rendered easier by the fact that his own generation is capable of bringing much pressure to bear upon him, which posterity is unable

to do. In other words, one of the problems of war finance is the relation between taxes and loans. Taxes are paid by the generation that wages the war, that has already to bear the burden of death and wounds, of anxiety and of economic dislocation. It inevitably feels that posterity, for which as well as for ourselves we always think we are fighting, should bear some part of the charge. In point of fact posterity always does. It proves impossible to raise the necessary amounts from taxation, recourse is had to loans, and the debt continues to grow. Pitt, in the early days of the war, was anxious to lay as small a charge upon posterity as possible. But as the years went on he was obliged to borrow, and as we have seen, to borrow upon terms which were not very easy. In 1773 the debt had been £238,000,000, by 1802 it was £537,650,000, and by 1815 it had amounted to £876,000,000. It is perhaps worth noting here that in the following years, before the Crimean War in 1854, £68,000,000 was paid off, that the Crimean War and the Indian Mutiny between them caused its increase to nearly £839,000,000, and that by the end of the nineteenth century, before the South African War, it was actually down to £627,500,000. It is now, as most of us know to our cost, about £7,700,000,000.\* The debt charges in 1923 amounted to £350,000,000, of which £40,000,000 was allocated to the Sinking Fund and £310,000,000 was needed for the payment of interest, an amount almost equal to half our total expenditure (Mr. Baldwin's financial statement, 1923). Mr. Baldwin was anxious to increase the sinking fund to £50,000,000 in later years.

Looking back, then, we can see clearly that the burden

\* 1924, £7,680,484,000 (*Hansard*, April 29, 1924).

of all the long past wars remains in some part upon our shoulders to-day. To comfort ourselves we can say that until our own terrific war burden fell upon us, the weight of the past, distributed as it was over a large and growing population, with a rising standard of prosperity, was not excessive. Increasing productivity, if we can but attain it, will make our own bearable, and to that end we must hope for reductions of taxation which will lessen the fixed charges upon industry, and for diversion of expenditure, both public and private, in every possible way from unproductive to productive directions. Steady repayment of debt may also be expected to lead to the possibility of future conversions, which should result in a considerable diminution of the annual burden of the debt charges.

The chancellors who succeeded Pitt were not men of outstanding ability, and they had no easy task to perform. Pitt had, with great courage, imposed an income tax, unpopular as it was, after his attempt to meet war expenditure by means of what was called the triple assessment, that is by an increase, graduated according to the wealth of the payer, upon the assessed taxes. It is worth noting that he had before this obtained over two million by an appeal for a voluntary subscription towards national expenses. The income tax was intensely disliked, and had been repealed after the peace of Amiens, only to be re-imposed in the following year.

By the end of the war the unfortunate persons responsible for the finances of the nation found themselves in no easy position. Expenditure had, in 1815, reached a high level, the revenue amounted to nearly £120,000,000, though £39,500,000 was borrowed. Everything that could be taxed was taxed, and generally several times over ; the debt stood at something like £43 per head of the

population. We all remember Sidney Smith's famous summary: 'Taxes upon every article which enters the mouth, or covers the back, or is placed under the foot; taxes upon everything which it is pleasant to see, hear, feel or taste; taxes upon warmth, light, locomotion—taxes upon everything on earth and the waters under the earth—on everything that comes from abroad or is grown at home.'

The various taxes had been imposed as fresh necessities arose; there was neither proportion nor justice nor even productivity about the system. Much later, the report of 1840 condemned it in words of amazing severity. 'The tariff of the United Kingdom', it said, 'presents neither congruity nor unity of purpose, no general principles seem to have been applied—it often aims at incompatible ends.' Its reform was destined to take many years, and but little was done for some time. The property tax, perhaps the most unpopular of all the taxes, or perhaps that which bore most hardly upon the classes best able to make their influence felt, was abolished in 1816, against the wishes of the Government, which had meant to introduce modifications and to do away with it in a course of two or three years. Its unpopularity was immense. Floods of petitions had poured in against it, volumes of abuse had poured out upon it. It was attacked mainly because it was inquisitorial, but also because its maintenance tempted governments to extravagance. 'There could be no more dreadful calamity for the country than its continuance': it was 'odious, oppressive, burdensome, inquisitorial, mischievous, immoral' and altogether reprehensible. The whole debate of 1816 is interesting to us as showing the difficulties felt by any after-war government in changing over from a war level to a peace level. There was a vigor-

ous demand for rapid disarmament, and a nervousness in carrying it out 'when the Continent was still covered with camps and armies.'

Critics of the government declared that the country was in process of ruin because of the immense burden of the taxes: the government replied that the first year of a peace involved expenses no smaller, in some ways greater, than the last years of a war. The critics prevailed, and not only the hated property tax, but some part of the malt duties went. New taxes were, however, placed upon butter, cheese and soap. The butter duty was imposed with a view to helping the distressed Irish farmer, and at once a claim was made, and allowed, for the imposition of an equally protective duty upon cheese, for the benefit of the English farmer, although it had not occurred to him that he needed it until the butter duty put it into his head. The soap tax, on the other hand, originated in the desire to give a little help to the whale fisheries, but the Chancellor hoped that after all it might bring him in a very little revenue as well. The next year, one of distress, the Chancellor was obliged to report a deficit, and to arrange for a fresh loan. He had, however, the advantage of being able to make a clearer statement than usual of financial affairs, for the consolidation of English and Irish finances had been completed, and one section of the endless complications of the tariff had thus been simplified. He observed with truth, when as usual the distresses of the country were attributed to the burden of taxation, that 'at a time when all over the Continent many were struggling for the mere necessities of life, it was not to be expected that there could be a great demand for our manufactures.'

The following year, 1818, things were not much better.

No new taxes were imposed, but none were remitted, and once more a large loan had to be raised to make both ends meet. The first three years after the peace there had been an annual deficit of thirteen or fourteen million. In 1819 the unfortunate Vansittart, certainly neither one of the most successful nor the most able of chancellors, was obliged once more to report that while his revenue could only be estimated at about seven million, he had charges of twenty million to provide for. A further loan was necessary, and, as we have seen, this was the year in which changes were recommended in the operation of the Sinking Fund. In the following year, that made famous by the Merchants' Petition, the yawning gap between revenue and expenditure was stopped by one loan of five million and another of twelve, the last provided by the convenient Sinking Fund.

By 1821 we have a number of animated debates on financial subjects, a growing distrust of the Sinking Fund, an increasing demand for simplification, and a budget which, although it contains the usual loan of thirteen million from the Sinking Fund, contains also a welcome diminution of expenditure. Vansittart held out little hope of reduction in taxation. He pointed out that while distress was not peculiar to England, but prevailed all over the Continent and in America, we were the only country which had reduced both its debt and its taxation since the termination of the war. Meanwhile, demands for economy, and for improvements in the machinery by which the revenue was collected, continued to occupy the time of the House. Nor was it only the House that was so employed. All over the country there was an increasing agitation in favour of lowered taxation. Reductions were demanded from every side. Taxation was the



main cause of the prevalent distress ; remissions were long overdue and must be made.

Remissions were demanded by Brougham (October 1822) as the only possible means of saving agriculture. He was extremely vigorous in his denunciations of the government. The country had been at peace for six years and yet was spending only a million less than in the second year of the war. 'Retrenchment was demanded on all sides. All the Government did was to dismiss about a hundred and eighty "inferior clerks", "without any regard to their sufferings", and to increase the emoluments of those in a higher station.' The most violent attacks were made upon the Civil Service, which seems indeed to be the popular scapegoat whenever economies are desired.

Although the government firmly denied that there was, or could be, any connexion between distress and taxation, remissions were in point of fact made. Vansittart had succeeded in carrying out a successful conversion of the debt in this year (1822), and with the aid of the saving thus effected he managed to take a shilling a bushel off the malt tax—a tax which was supposed to weigh heavily upon the working-classes\*—and to diminish the duties on leather and salt. These remissions had been demanded for a long time, but when it came to the point, a host of people who had built up trade under the shadow of the high duties clamoured in distress. However, the remissions were duly carried. One other step was taken, which in view of our own discussions upon a similar

\* Its weight was considered to be specially unendurable by the agricultural labourer ; 'a tax which operated most cruelly on the industrious peasant, who could not now obtain a drop of that invigorating beverage necessary to the discharge of his laborious functions.'

point is interesting. What was called the dead weight debt—the charge for pensions and annuities arising out of the war—was costing the nation some five million annually. Vansittart determined to spread the burden equally over the next forty-five years instead of leaving it to pursue its natural course, which would involve a heavy burden for some years to come, and after that a progressive diminution. In the ‘exceptionally embarrassed state of the country’ at the moment it was felt that the future might be called in to help. This year was the last of Vansittart’s period of rule over the exchequer. They were some of the most critical financial years through which we had ever passed, and his lack of vision and of financial ability had helped to enhance their difficulty. He had been in office for eleven years, and the only successful operation had been the 1822 conversion. Otherwise his finance was weak, confused, full of expedients which did not work, and his departure can have occasioned few regrets.

He was succeeded by Robinson, afterwards Lord Ripon, the Prosperity Robinson of Cobbett’s writings. To us it seems odd that Robinson should have been chosen instead of Huskisson. However, he was lucky, for times were beginning to improve and he found himself in the possession of a surplus. His 1823 budget was the most cheerful there had been for many a long day. He arranged for repayment of debt and for remission of taxation, choosing for remission those taxes which were the most vexatious, the most expensive to collect and the most burdensome to agriculture. He found himself in considerable difficulties both with the Sinking Fund and with Vansittart’s unfortunate attempt to deal with the dead weight debt, and he was of course criticized both

by those who thought the whole surplus should go to the repayment of debt, and by those who thought it should go to the remission of taxation; but on the whole his budget was approved. It is interesting to note that Ricardo was so much impressed by the burden of the debt that he suggested something like a capital levy in order to diminish it.

All this time the agitation against restrictions had been gaining strength, and with 1823 we enter upon the period of simplification. We remember that Huskisson's Reciprocity of Duties Bill equalized the charges upon goods carried in British and foreign ships—the first breach in the Navigation Acts. As Ricardo pointed out, the country was beginning to understand that 'restrictions on commerce were restrictions not on other countries but on ourselves.'

Eighteen hundred and twenty-four was again a year of prosperity. The King's speech upon the opening of Parliament was couched in the most comfortable terms: trade and commerce were extending at home and abroad, agriculture recovering from its depression. It seemed, indeed, that the recovery from the war was now complete, and several speeches in the budget debates, reviewing the past ten years, placed in something like their true perspective the stimulus of the war period, the consequent reaction, the effects first of inflation and then of restriction, and now at last something like tranquillity.

The budget showed yet another surplus, out of which half a million was allotted to the building of new churches, and Robinson took a bold as well as a wise step in trying to budget not only for one year, but to look ahead. Meanwhile he succeeded in effecting another conversion, which again reduced the debt charge. For the first few years

he expected a series of surpluses, and he proposed to use them boldly to carry out an alteration in the fiscal system of the country: in other words to do as much as was possible towards carrying out what were really the fundamental principles of Free Trade. The inevitable opposition from the interested industries did not fail to manifest itself, but the budget successfully passed into law.

That of the following year was equally triumphant. Remissions had resulted in increased consumption, and both Customs and Excise yielded a satisfactory excess over estimates. The Chancellor continued to keep in view his three aims: increased consumption at home, which accompanies increased extension of commerce abroad; the diminution of smuggling; and, if possible, the relief of direct taxation. So he continued to reduce duties, in order to fulfil these three ends, and, as Huskisson pointed out, we had no need to fear the competition of cheap foreign labour, for we had as against that advantage 'the creative powers of the mind, the enterprise, perseverance and steadiness of British industry, and the great capital which called these qualities into action.' With these possessions, we could bear heavy taxation and maintain our commanding position in the world's commerce. The protected industries naturally complained, but feeling was against them, and the argument that the high protective duties meant a very heavy burden upon the consumer, while contributing little or nothing to the exchequer, and encouraging the existence of smuggling, obviously had come to be understood. So, too, we find various people pointing out that although the removal of a protective duty might damage some particular trade, it must redound to the benefit of trade in

general, for if there were more imports there must also be more exports to pay for them.

Between this budget and the next intervened the tremendous crisis of 1825; but Robinson did not allow himself to be discouraged. He gave an interesting re-exposition of the way in which remissions had led to increased consumption and consequently to increased revenue, as well as to a much diminished cost of collection. Huskisson, too, stood firm. The distress which prevailed was naturally attributed to the changes in commercial policy. Huskisson felt sure that this idea was mistaken, and showed how there was as much distress, if not more, in the industries which were not affected by the recent changes as in those which were. The distress, he said, was temporary and would pass; the benefits would remain.

In the following year, after the general election and in the midst of the complicated political arrangements of the moment, he withstood with equal determination the attacks of those who said that his Reciprocity Act had ruined British shipping. The shipowners made out a sad case, but it was entirely destroyed by a searching analysis of their facts and their figures. The budget of the year (1827), introduced by Canning, was unimportant. There was a deficit, due to the distress, but this was to be met by a temporary loan; it was no time for new measures, 'the country is rather in a state to be left to itself.'

Before the next budget another administration was in charge, with Goulburn as Chancellor. The outstanding feature of this financial year (1828) was, as has already been said, the abolition of the extravagant and futile Sinking Fund, and its organization on a new and sensible basis.

Otherwise all we have to note is that the country seemed prosperous, revenue had improved, and a surplus was once more realized. The effects of 1825 seemed to have passed over. As we remember, distress again prevailed in the following year, and Goulburn's second budget speech, although it remarked upon increased revenue and an admirable surplus, did not look forward to such good results in the following year. The surplus was devoted to the repayment of debt, although pressure was brought to bear upon Goulburn to induce him, in view of the miserable state of the country, to use it rather for the remission of taxation. In the following year, however, as distress still prevailed, the Chancellor did arrange for considerable remissions. A study of Goulburn's budgets gives one the impression that his finance was of opportunist in character, and not based upon any definite theory or ideal.

By the end then of the period, we have certain definite results. In the first place the experience of the Sinking Fund had made men give solid thought to the question of the National Debt. They had realized that the true measure of its burden was less its total sum than the annual amount necessary for paying the debt charges, and that this annual amount could be lessened not only by repayment of capital but by conversions, while the possibility of effecting a successful conversion depended upon the state of the public credit and this in turn upon the extent of government borrowings and repayments. They had, moreover, understood that the only fund available for repayment was that which arose from a true surplus of revenue over expenditure. If they had grasped these truths a little earlier they would have saved themselves a considerable burden. The finance of the debt then



shows a marked improvement, after a long period of confusion.

Secondly, another leading theory of wise finance was beginning to affect the conduct of affairs, and that theory is that a tax which takes much more from the taxpayers than it gives to the exchequer is not a good tax. In the course of the different remissions we find over and over again reflections upon how much more will be saved to the taxpayer than would appear from the consideration of the loss to the revenue.

And thirdly, it was coming to be understood that remissions, if wisely planned, might mean not a loss but a gain to the exchequer. Already we can trace the recognition of the principles which were to lead to the great reforms of Peel and of Gladstone. What we do not see is the principle, so familiar to our own minds, of the distribution of the burden according to ability to bear it. With a system so largely based upon indirect taxation, it was indeed difficult to recognize that principle.

Lastly, as Professor Smart reminds us, the taxes were in many ways a greater burden than they have been in our own days, until the war charges fell upon us, in that they were levied in order to pay for debt charges, and for armies and navies, not, as so many now are, for the provision of social services such as education, public health, old age pensions or insurance.

The war had left behind it a great confusion in the fiscal system, a confusion which it took many years to diminish. It left, too, a heavy burden of debt. By about 1830 that burden was slowly diminishing, and was, as time went on, less felt because of the increased wealth of the country and the increased ability of the population to bear the weight of the debt charges. The

confusion, too, was gradually decreasing. The impossible burden of so complicated a system of taxation made men's minds ready for drastic changes, and despite the inevitable difficulties which arose, and the many others which were expected, among the protected industries, commerce and business gradually shook themselves free from the shackles of an infinitely complicated fiscal system. The later stages are more familiar, the report of 1840, pointing out the defects of the system, the need for revision, how the one industry that consistently prospered was that of smuggling, while practically all the others were hampered in one way or another by Protection and prohibition—partly because Protection meant diminished purchasing power at home, partly because foreign producers, unable to supply us, turned their attentions to markets which had been ours. Finally, the Committee declared in bold, if inelegant, English, that 'the increased expense due to the financial system was almost the only impediment against British shipowners from becoming the carriers of the world.'

Armed with this Report, Peel effected immense simplifications which were carried yet further by Gladstone. By 1860 the process was complete, and as Gladstone pointed out, in sonorous words, had resulted in an immense increase of revenue, the result of the still greater increase in the purchasing power of the people. The foundations for this tremendous task were, as we have seen, laid, sometimes with doubt, always with difficulty, in the troubled and anxious fifteen years which followed Waterloo.

## VI

### THE CURRENCY PROBLEM

IN 1797 the financial position had become so grave that the Government found it necessary to issue an Order in Council suspending cash payments by the Bank of England. During the previous year the difficulties had steadily increased. The country banks, in their endeavours to safeguard their position, withdrew considerable amounts of specie from London. When a French frigate actually succeeded in penetrating the Tyne, the widespread alarm of invasion brought about a general demand for cash, which in its turn led to a stoppage on the part of the Newcastle banks, and then to increased pressure upon banks all over the country. The local banks, hard-pressed themselves, pressed hard upon the resources of the Bank of England, already in its turn pressed by the Government demands for loans. The Bank reserves were dangerously low, and advances had to be stopped, with the result that there was acute panic.

Suspension brought immediate relief. It was once more possible to obtain advances, and panic was allayed. Parliament, confirming the Order, declared bank notes to be unlimited legal tender, and resolved that the suspension of cash payments should continue until six months after the declaration of peace. In the following year the financial position was so much easier that the directors were willing to resume cash payments, but they were not allowed to do so, and before very long there was a fall in the exchange, and an advance in the paper price of

gold : in short, the symptoms, now so sadly familiar to the world, of an inflated currency, although there was little appreciable rise in the price of gold for the first few years of the suspension period.

By 1800, however, the position had become serious. The continental blockade, which made it hard to export goods in payment for imports, led to a drain on gold, and the country banks had issued large quantities of paper. The inevitable result was a rise in the paper price of gold, and the consequent hoarding of the precious metal. When gold measured in notes was worth about £4 10s. an ounce, anyone who was fortunate enough to possess guineas was very unlikely to part with them for the payment of debts.

Ricardo's pamphlet *The High Price of Bullion, a Proof of the Depreciation of Bank Notes*, the contents of which first appeared in a series of letters to the *Morning Chronicle* in 1807, contains one of the clearest and most brilliant expositions of the quantity theory of currency, the influence of which is clearly to be seen in the debates and discussions upon currency problems which were to be so frequent in the course of the next twelve years. He enunciated truths which have become painfully familiar to most Europeans to-day. When a currency is based upon the precious metals, its value must remain the same as that of other currencies upon the same basis. If it is in excess, it will be exported, if on the other hand it is insufficient to meet local needs, bullion or coin will come in from abroad. The difference can never be greater than the cost of transmission of bullion. When, however, a country makes its paper money inconvertible, there is no means of getting rid of any excess. Other countries cannot absorb it, and the inevitable result is a

rise of prices in the country which issues the inconvertible paper.

In 1810 Horner raised the question of the currency in Parliament, and his speech led to the appointment of a select committee to inquire into the high price of gold bullion. Their famous report, which shows Ricardo's influence in almost every line, conclusively disproved the universally held theories as to the cause of the rise in prices. The evidence of the witnesses examined gave many ingenious if fallacious explanations, but the committee disproved their allegations, upset their reasoning, and produced an exposition of the classical theory of currency which was thoroughly unpopular, and fiercely attacked, but which has nevertheless taken its undoubted place among the great historical documents of the period.

The committee first examined the statement that there was a scarcity of gold due to the unusual continental demand. This view they showed to be wholly incorrect, both in fact and in theory. Had a real scarcity existed there must have been a rise in price in foreign markets, but no such rise could be traced. A rise in price due to increase of demand would be universally felt, not only locally. 'A rise in the price of gold, a general rise of all prices, and a fall in the foreign exchanges, is the effect of an excessive quantity of circulating medium in a country which has adopted a currency not exportable to other countries and not convertible at will into a coin which is exportable.'

Secondly, the alleged scarcity of gold did not exist. There was no gold in circulation, but anyone willing to pay the necessary price could obtain it without difficulty. The committee pointed out that an inconvertible currency is likely to become excessive (and to lead to a rise in the

general level of prices) because there is no natural way of getting rid of any quantity issued in excess of the needs of the moment. It is likely to remain excessive because the high level of prices thus created tends to lead to an increased demand for currency to maintain that level, as well as to increased speculation. No knowledge, however profound, can keep the proportion of currency exactly suited to the needs of trade. 'When the currency consists entirely of the precious metals, or of paper convertible at will into the precious metals, the natural process of commerce, by establishing exchanges among all the different countries of the world, adjusts, in every particular country, the proportion of circulating medium to its actual occasions, according to that supply of the precious metals which the mines furnish to the general market of the world. The proportion, which is thus adjusted and maintained by the natural operation of commerce, cannot be adjusted by any human skill or wisdom.' In short, the only check upon high prices is convertibility, and for want of this check there had evidently been a considerable over-issue of paper, which was the cause of the present high level of prices. High prices inflict injury upon various sections of the community, upon all those who live upon fixed incomes, upon creditors, and above all, upon wage earners, for wages do not readily adjust themselves to prices. The directors of the Bank had had imposed upon them a task which was too much for their abilities, too much indeed for any human ability, and the existing currency troubles were plainly the result of their mistakes. The only safe course, which the committee urgently recommended, was to bring back 'the system of the circulating medium of this country, with as much speed as is compatible with a wise and



necessary caution, to the original principle of cash payments at the option of the holders of Bank paper.'

The report was violently attacked. Some speakers, full of patriotic fervour, declared that the adoption of these two recommendations would make it impossible to carry on the war. It was evident that very few people had even a faint understanding of the real meaning of the theories so well expounded by the Report, which is, perhaps, not remarkable, while those who profited by a rise in prices, or thought they did, were naturally opposed to a policy which would lead to a fall.

Huskisson produced an admirable pamphlet expounding the policy of the Report, but the general view was strongly in opposition to his opinions. When the Report came to be debated in Parliament, the resolutions against it were moved by Vansittart, and although the whole weight of reason seems to be upon the side of the Report and against the Chancellor, all his resolutions were carried. No amount of argument could make him and his supporters believe that the rise in the paper price of gold was due to an excess of paper. They clung fervently to the undoubtedly popular belief that the state of prices was entirely due to the 'situation of the kingdom, in respect of its political and commercial relations with other countries.' Canning poured scorn upon these views in a long and admirable speech. He pointed out that the opponents of the report talked vaguely about the standard of value as a 'sense of value', or 'an ideal unit', which was neither more nor less than nonsense. The only possible definition of a pound sterling is a certain specified weight of gold or silver of a certain fineness. The Bullion Laws, which forbade the exportation of gold, and forbade also the exchange of guineas for more than their

nominal value in paper, were a direct cause of the disappearance of gold from circulation, and a bounty upon the exportation, illegal as it might be, of gold coin. Vansittart feared lest any change should upset contracts. But all contracts were already upset by the fluctuations in the level of prices.

The Bank directors, encouraged by the result of the debate, continued to issue considerable quantities of paper, and prices continued to rise. By November 1812, gold was at £5 10s. As the narrator of the *Annual Register* truly remarks, 'the unfortunate coincidence of a great increase in price with diminished means of purchase on the part of the consumers could scarcely fail in producing these eruptions of malignant humours which seldom fail to break forth among the population at such periods of difficulty and distress, and the acrimony of which in this, as in many other instances, was further embittered by the industry of that portion of the public press which as usual attributed these and all other calamities to the Government.' Meanwhile, currency matters were frequently discussed in Parliament and outside, and one large landlord, Lord King, announced to his tenants that he would only accept rents either in gold, or in a payment of bank paper sufficient to purchase, at the market price, the weight of gold sufficient to discharge the rent. He defended his actions in the House of Lords by saying, with evident truth, that 'a payment in a debased paper currency is a payment in name only, not in reality.' Nothing, however, could persuade those who took the opposite view, and although the matter was debated at great length, the arguments used on both sides were merely a repetition of those which had been so fully discussed in the earlier debate upon the report of the committee.

High prices and abundant issues produced their inevitable result. There was much speculation; the splendid harvest of 1813 led to depression, many country banks failed, and their failure meant the withdrawal of a large mass of paper from the currency. So great was the diminution in the amount of circulating currency, as a result of these failures, that the price of gold fell nearly to par. The renewed outbreak of war, following upon Napoleon's escape from Elba, and the increased issues of the Bank of England, sent it flying up again; but the rise was only temporary, and prices continued to fall. Once more a committee to inquire into the restriction was asked for, and the debates make it clear that there was a considerable measure of distrust of the Bank. Everyone supposed that the Bank was in favour of continued restriction, and people began to say that restriction meant profits to the Bank at the expense of the public. Vansittart was, as ever, against resumption, although he was full of fair words as to its desirability in the future. By 1816 the price of bullion was at par, and cash payments might have been resumed. But a Bill was passed continuing restriction until July 1818, and in April of that year the Chancellor brought in his accustomed Bill for continued restriction. In vain did his critics point out that cash payments might easily have been resumed two years earlier, when gold was at par and the exchanges favourable, while the result of the continued restriction had been a further over-issue of paper in 1817, and a consequent rise of prices.

Vansittart urged that the foreign demand for loans made resumption unsafe: his opponents contemptuously explained that foreign loans were indeed in course of negotiation, but that they would be made not in gold, but, at least in great part, in goods, and that their existence

was no possible argument against resumption. In both Houses of Parliament there were unsuccessful demands for committees to inquire into the state of the currency. At last, after much debate and endless delays, the Government gave way, committees were duly appointed, and duly made their reports. They proposed a gradual return to cash payments, first at the approximate market price of about £4 1s., and later at the mint price. They said that public confidence was gravely shaken, and must be restored, therefore a definite date for the resumption in full of cash payments must be determined. But anything like a sudden change would lead to inevitable disaster: the times were not wholly favourable. The expert evidence they had heard had convinced them of the evils resulting from an artificial currency. It had led to speculation, to alternations of excessive production and of stagnation. The uncertainty as to prices was a grave discouragement to trade, no one could either take or give orders when the prices at which those orders could be executed were so uncertain. It is impossible to provide for perfect stability of prices, but the instability, the violent fluctuations, which result from the existence of an inconvertible paper currency, are a serious and unnecessary evil. Not only is internal trade much damaged, but, as under restriction, home prices tend to be suspended above the general foreign level, exports are checked and the development of foreign trade retarded. In short, after many years of discussion and debate, reason at last triumphed, and Peel, who had been chairman of the Commons' committee, triumphantly carried the resolutions he proposed in the course of a long, admirable, and closely reasoned speech, in which he reviewed the facts and pulverized the arguments of his opponents.

The advocates of restriction were beaten, but not silenced. Whenever there was trouble in ensuing years, and, as we have seen, trouble was frequent, there were always plenty of people who attributed bad times to the resumption of cash payments. The advocates of the agricultural interest were especially fervent. The fall of prices, they asseverated, meant ruin to them, because they had entered into arrangements based upon the continuance of high prices. One prominent representative of the agricultural interest, believing that the cold-blooded doctrines of the political economists were the source of all evil, wished fervently that every ship bringing into England a cargo of foreign corn might be obliged to carry back a cargo of political economists. In vain it was argued that agriculturists were not the only debtors, that a fall of prices meant a burden upon all who had borrowed in high price periods, and were called upon to repay in low, that some had made their arrangements during one price level, some at another, and that it was impossible to stabilize all contracts. Moreover, it was certain that high prices had brought great prosperity to many agriculturists, and therefore they could not expect deep sympathy when things were going less in their favour.

Everyone wanted stability, but the worst way to obtain it was by continued restriction, while a gold currency, imperfect as it might be, was upon the whole the greatest security against undue fluctuations in the general price level.

Peel and Huskisson vigorously defended resumption. The agricultural interest, they said, always complained of the hardships of the landowner who had encumbered his estate during the period of depreciation, but they

never mentioned those who had lent money, nor the landowner who had made financial arrangements during low price periods. They thought corn a better standard of value than gold, but corn was notoriously unstable, and, moreover, wheat was not the staple food in all countries. If corn were to be the standard in England then potatoes must be in Ireland. What a beautiful simplicity of system and what facility it would afford to the settlement of all transactions between the two parts of the same empire, to have a wheat standard for one and a potato standard for the other. 'So far from accepting the views of the gentlemen who represented the agricultural interest he proposed to amend their motion by moving the resolution of 1696: "That this House will not alter the standard of gold or silver, in fineness, weight or denomination."' Huskisson's motion was successfully passed, and although the agriculturists, undismayed, brought forward their complaints again and again, they met with no success.

There was another full-dress debate upon the same thesis in 1823, when Ricardo once more emphasized the supreme importance of stability, explained again that the price of corn was low because there had been an unusually good harvest, and that although all prices had fallen, that of corn, for this very natural reason, had fallen more than those of other commodities. The agriculturists blamed the wickedness of those who insisted upon restoring the currency to a metallic standard, when the fault was really that of a too bountiful nature. Upon an earlier occasion one advocate for continued suspension had, upon pressing, agreed that the pound should nevertheless be the standard of value, but when asked what, under suspension, he meant by the pound, replied: 'I find it difficult to explain it, but



every gentleman in England knows it.' However, although the speeches of those who blamed resumption for all their troubles made up in vigour what they lacked in clarity or logic, the pound had once more become, and was long to remain, the standard of value. It had been in suspension for twenty-four years, and its return to its position was due not only to the close reasoning of Ricardo, the admirable patience and clear exposition of Huskisson, the eloquence of Peel, but also, if somewhat indirectly, to the vigour of Cobbett, who persuaded the unwilling farmers as well as the probably willing wage-earners to believe that the 'paper system', which he denounced in season and out of season, was the true cause of their troubles. It is, of course, true that the real object of his hatred, the 'funding system', was rather the heavy burden of the debt, which, as prices fell, became less and less endurable. The fundholders obtained nominally the same amount of interest, but the real value of their dividends was enormously increased. The unhappy farmers were obliged to sell more and more corn and cattle and pigs in order to pay their taxes, while the fundholders on the contrary, with their settled incomes, had a gloriously increased purchasing power. However, his hearers and his readers, following his vehement and continuous attacks upon the 'paper system', may well have had their minds attuned rather in sympathy with the advocates of a gold standard than in detestation of the burden of the national debt. Even in unreformed Parliaments, a government is the better for having public opinion upon its side, and it is difficult to doubt that Cobbett's vehemence was no small cause of the change in public opinion as to the merits and demerits of suspension. Then, as now, while some classes of the community lost

by high prices, others gained ; then, as now, each section in turn lifted up its voice and complained as fluctuations of price changed their prosperity into tribulation. Cobbett helped to make clear the effect of price changes upon some of those who without his help might not have made themselves heard.

We are still disagreed as to the merits and demerits of high and low prices. The wisest of our advisers tell us, as our ancestors were told, that stability of price is the goal at which to aim, though they are less certain, perhaps, than the early nineteenth-century economists as to the best method by which to arrive at the desired end.

Then, as now, the producers believed in high price levels, forgetting that high prices, while they may give a stimulus to production, tend to check consumption, forgetting, too, that periods of rising prices seem inevitably to lead to speculation, to over-production, and to consequent depression. Then, as now, the consumers, those who had to live upon fixed incomes, the annuitants, the pensioners, the numerous persons who were possessed of small incomes, and above all the poor, suffered in the high price periods and began once more to find life possible as prices fell.

Between them the economists praised stability, pointed out the evils of fluctuation, the uncertainty, the damage to trade, the unwillingness to buy when prices fell, because no one knew how much lower they might go, the inability to buy when they rose. All this is only too familiar to us, who have lived through similar troubles, due to similar causes. But from some difficulties with which our ancestors had to contend we are happily saved. One of the results of the long discussions and debates over the restriction was to establish upon a safe basis the English

banking system. Among our recent trials have not been wild imprudence and speculation upon the part of a number of small unconnected country banks, nor have we had our minds poisoned by the suspicion that the directors of the Bank of England are piling up dividends at the expense of the overburdened public. On the other hand, in size and complexity, the currency problems of the early nineteenth century were as nothing compared to those with which we still struggle. They were only concerned with their own paper currency, they had not to contemplate Europe in a welter of shattered currencies, nor was it necessary to look across the Atlantic to a Federal Reserve Board which maintained the dollar at so high a level, kept the gold-supply under such strict control, that despite deflation and all the troubles which attend the heroic and unpopular course, the pound sterling, near as it has come, refuses to reach the dollar level.

Nevertheless, great as are the differences, great, too, are the resemblances. The arguments used by the inflationists and the deflationists of that period are very like those we hear to-day, many of the difficulties are only too familiar to us. Like ourselves, the people were sorely troubled by the world fluctuation of prices, which upset the equilibrium alike of the housewife's daily shopping and of the great enterprises of the merchant. They, as we, needed stabilization. The course of gold prices during the rest of the nineteenth century, fluctuating as they were, showed fluctuations less violent than those endured in the restriction period, and the advocates of the metallic standard were justified.

Ricardo's proposals were to be considered again many years later by a Royal Commission appointed to inquire

into the precious metals, a commission which provided a rich mine of economic reasoning and economic information for future students, though it left the gold standard untouched. The experts of our own day are busy writing learned books and learned articles upon currency problems: the intricacies of the foreign exchange, but a few years ago the darkest mystery to most peaceable people, are now the familiar topic of the ordinary man and the ordinary woman, even in this country, where our worst fluctuations seem to be behind us, and where we can more or less reckon with certainty upon how far our incomes will go.

That history repeats itself is perhaps rather a popular than a scientific belief, but that it provides its students with remarkable parallels and resemblances is surely unquestionable. The years which followed the close of the Napoleonic wars are strangely like the times in which we now live: there are obviously many ways in which the two periods differ, but also many in which the difference is rather one of magnitude than of kind.

There was then, as there is now, much industrial trouble, difficulties in adjusting wages and prices, difficulties in achieving the transition from one stage of economic development to another: there were frame wreckers, rick burners, machine breakers: there were Blanketeers and Captain Swing. There was much nervousness among the comfortable classes as to the perils to which society might be exposed from the excesses of 'the mob'; there was bitter suffering and poverty among the masses of the people. Parallels to these phenomena will occur to the mind of everyone: we may comfort ourselves a little for

our own real troubles by reflecting that those of our predecessors were quite as real and often considerably more acute. Agricultural distress does not, fortunately, lead to rick burning to-day, ca'canny is a less violent procedure than frame wrecking, consumers' councils and their complaints to Parliament, more peaceful and probably as efficacious as bread riots. Besides all this, and closely connected with it, was the political unrest of which the early nineteenth century was full, as is the early twentieth. The violent stimulus of a great war inevitably brings disturbance to the settled habits of humanity. The shock and excitement of the French Revolution, its effects upon men's minds, are not altogether unlike the effects of the Russian Revolution upon our own ideas. The preceding pages do not pretend to deal with these aspects of the earlier period ; they only attempt to describe some of the more obvious and pressing economic problems, partly because those problems are interesting in themselves, partly because it is difficult not to believe that they throw some light upon our own economic troubles.

We are much better educated than we were a century ago, we work under more satisfactory if still imperfect conditions, we are better, though still inadequately, housed, far better fed, our health has considerably improved. But now, as then, the war has involved us in a debased currency, with all that it means of difficulties to trade, of troubles to housewives, of disturbance to everyone. It has laid upon us the burden of high taxation, of grave and prolonged unemployment, of agricultural distress, of trade crises and industrial dislocation. The attempts of our statesmen to remedy those ills often bear as much resemblance to those of their predecessors as do our own urgent demands that governments should help agriculture, relieve un-

employment, make ample provision for social development and simultaneously diminish taxation, all with the least possible delay. After sufferings greater than those which we have been called upon to endure, more violent crises, financial difficulties as great and currency fluctuations as severe, our ancestors at last emerged into a period of prosperity and calm. Let us hope that some of us who have lived through the war, and through the stormy years which follow the war, may at last survive to see another epoch of national well-being.



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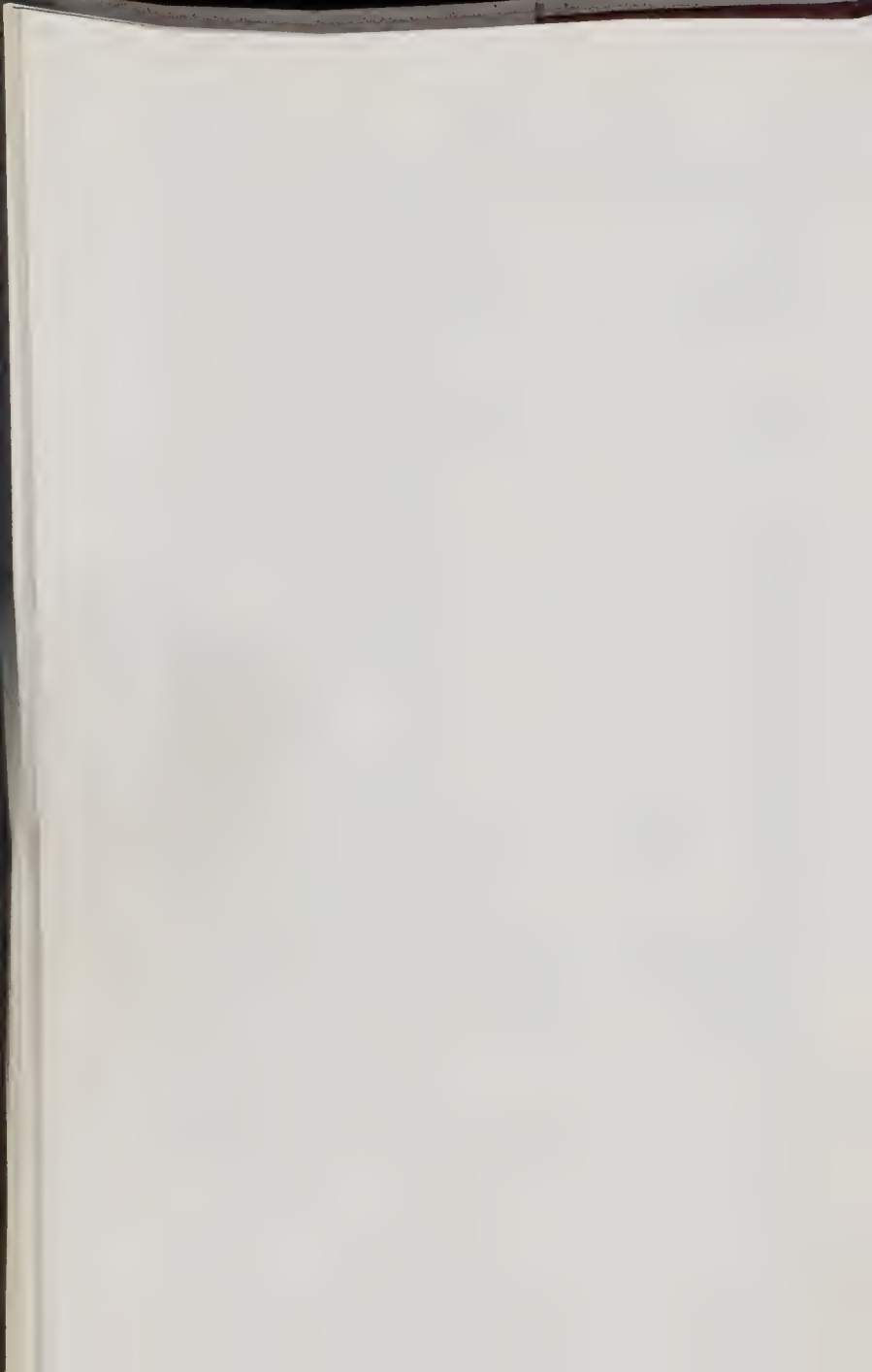
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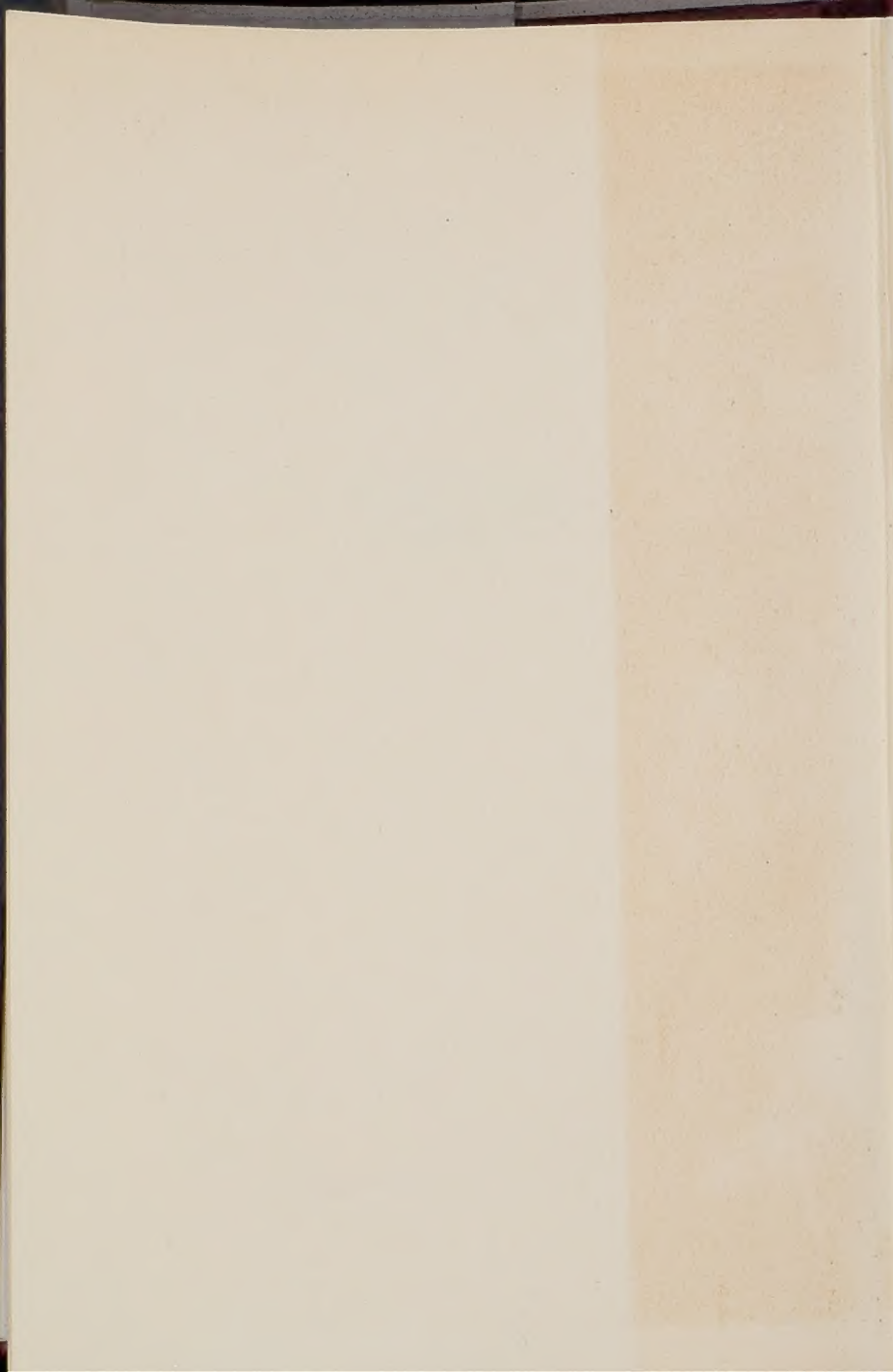
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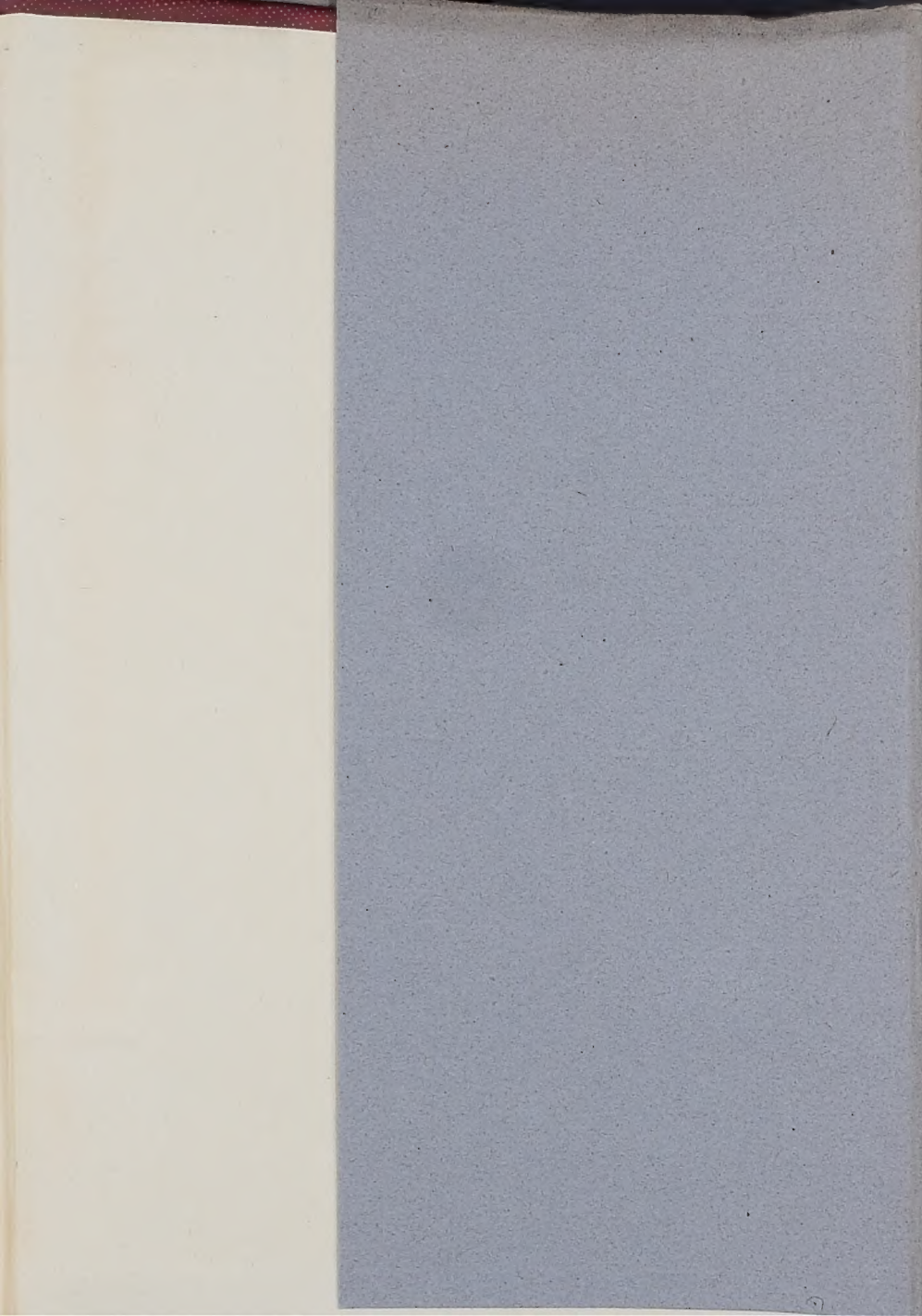
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